| | | |
|---|---|---|
| Austria ...... Sch22 | Indonesia ...... Rp3100 | Portugal ...... Esc100 |
| Bahrain ...... Din0.650 | Israel ...... NS3.50 | S.Arabia ...... Rls6.00 |
| Belgium ...... BFr48 | Italy ...... L1600 | Singapore ...... S$4.10 |
| Canada ...... C$1.00 | Japan ...... Y600 | Spain ...... Pta125 |
| Cyprus ...... C£0.75 | Jordan ...... Fils500 | Sri Lanka ...... Rup30 |
| Denmark ...... DKr9.00 | Kuwait ...... Fils500 | Sweden ...... SKr8.00 |
| Egypt ...... E£2.25 | Lebanon ...... $L125.00 | Switzerland. SFr2.20 |
| Finland ...... Fmk7.00 | Luxembourg .. LFr48 | Taiwan ...... NT$85 |
| France ...... FFr6.50 | Malaysia ...... Rin4.25 | Thailand ...... Bht50 |
| Germany ...... DM2.20 | Mexico ...... Pes300 | Tunisia ...... Din0.800 |
| Greece ...... Dr100 | Morocco ...... Dh6.00 | Turkey ...... L500 |
| Hong Kong ...... HK$12 | Netherlands ...... Fl3.00 | UAE ...... Dh6.50 |
| India ...... Rup15 | Norway ...... Nkr8.00 | USA ...... $1.00 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,354 Monday October 5 1987 D 8523 A


Cross-border mergers in Europe, Page 14

World News | Business Summary

## Mexico PRI names new candidate for top post

Mexico's ruling Institutional Revolutionary Party (PRI) yesterday named Mr Carlos Salinas de Gortari, 39, Planning Minister, as its candidate to take over from President Miguel de la Madrid in December 1988.

This means Mr Salinas de Gortari is almost certain to become president for a six-year term.

### Conservatives plan to increase choice

Proposals to increase consumer choice across a wide range of public services in Britain will be unveiled this week at the Conservative Party conference in Blackpool as Mrs Margaret Thatcher and senior ministers seek to show that the UK Government is maintaining its radical momentum. Page 6

### Earthquake injures 50

At least 50 people were injured in a powerful earthquake aftershock measuring 5.5 on the Richter scale in Los Angeles early yesterday.

### Spanish floods

Police closed several main roads along the northeastern Spanish coast and told residents to stay indoors after floods caused by torrential rain swept a man to his death.

### Fiji's watershed

Fiji's constitutional future as a monarchy or as a republic is likely to be decided at a make-or-break meeting scheduled for today. Page 4

### Tokyo election

Japan's ruling Liberal Democratic Party has decided to bring forward the date for the election of a new leader to succeed Mr Yasuhiro Nakasone as Prime Minister. Page 4

### Sikh gunbattle

Two Sikh militant groups fought a gunbattle inside a crowded temple in the Sikh holy city of Amritsar in which one extremist was killed and two were wounded.

### Nigeria-Israel ties

Nigeria plans to renew partial diplomatic ties with Israel, after an agreement was reached between Foreign Minister Mr Shimon Peres and his Nigerian counterpart, Mr Bolaji Akinyemi, at the UN General Assembly in New York.

### Andes bus crash

Twenty-six people were killed and 15 injured, some of them seriously, when a bus left a mountain road in the Peruvian Andes and rolled into a gorge.

### Lebanon shooting

Pro-Israeli militiamen have killed a wounded Nepalese peacekeeping soldier in a machine-gun attack on an ambulance taking him to hospital in south Lebanon.

### Playwright dies

Mr Jean Anouilh, a Frenchman widely considered to be one of the 20th century's greatest playwrights, has died in Lausanne, Switzerland after suffering a heart attack. He was 77.

### Duarte meets rebels

El Salvador Government and left-wing guerrilla leaders opened talks yesterday on how to end the civil war which has killed more than 60,000 people.

### Craxi backs Vatican

Mr Bettino Craxi, Italian Socialist Party leader, has sided with the Pope and Italian bishops in their controversy with the Italian government over the teaching of religion. Page 2

### Natal death toll at 300

The death toll from last week's floods in Natal, South Africa, has been estimated at more than 300, with reports of 590,000 homeless and Zulus starving in remote areas.

### Sudan clashes

Twenty-five people were injured in Khartoum yesterday in clashes between police and students demonstrating against *price increases*.

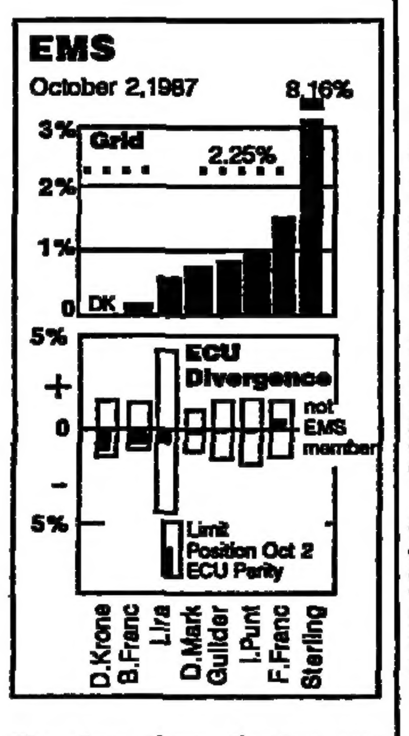
## US, Canada formulate free trade agreement

US AND Canada forged a free trade agreement which may have major implications for the current Gatt round. The announcement followed a cliffhanger 14-hour final session, which ended only minutes before the midnight Saturday *Congressional deadline*.

Mr James Baker, US Treasury Secretary, said the agreement was 'comprehensive' but that some 'major' issues still remain unresolved. Page 16

EUROPEAN Monetary System: Most currencies showed little change as attention focused on the dollar and its reaction to IMF and G7 meetings. The Bank of France gave modest support to the D-Mark as it eased against the franc after better-than-expected West German inflation data. This pushed the D-Mark weaker against the franc because of fears that French interest rates would have to be raised in order to control French inflation.

Elsewhere the Danish krone remained the weakest currency, followed by the Belgian franc. However, both were trading well within their divergence limits.




*The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (Ecu), itself derived from a basket of European currencies.*

INTERNATIONAL Coffee Organisation (ICO) agreed in principle to reintroduce export quotas which have been suspended since February 1986. The two sides - producing and consuming countries - agreed on a mechanism for adjusting quotas in the October-December quarter, the first three months of the 1987-88 coffee year. A full ICO council meeting was expected *to approve the accord later yesterday*.

ASDA-MFI, UK retail group, is expected to announce Britain's biggest management buy-out when its unveils the sale of its MFI furniture stores company as part of a £705m ($1.14bn) deal. Page 17

TOKYO: Nikkei index rose 144.14 to 26,006.59 in Saturday's half-day session. Page 33

PERGAMON PRESS, specialist book and electronic-publishing company controlled by Mr Robert Maxwell, has paid $59m in cash to acquire Molecular Design, California-based suppier of computerised information techniques for the chemicals industry. Page 10

SINGHANIA industrial family of New Delhi has acquired a 24.7 per cent stake in Fenner (India), an offshoot of Fenner of the UK which manufactures industrial belting and allied *products*. Page 20

JARDINE STRATEGIC Holdings, investment arm of Jardine Matheson group, reported a net profit of HK$190m (US$24.3m) for the first half. This first set of profit figures for the company excludes extraordinary profits of HK$77m from its share of Hongkong Land. Page 20

# China cracks down in Tibet capital

BY ROBERT THOMPSON IN PEKING

SOLDIERS and police tightened their grip on Lhasa, the Tibetan capital, yesterday, setting up roadblocks, imposing a curfew and sealing off monasteries after the worst officially reported violence in Tibet for more *than a decade*.

Communication links between Lhasa and the outside world have been all but severed. However, according to a news agency report as many as 19 people died in the riots which began last Thursday.

The official death toll has been put at six, with 19 seriously injured but, according to a Reuters correspondent in Lhasa, up to nine demonstrators and 10 policemen died during the violence.

China yesterday accused two foreigners of involvement in the riots. The US embassy in Peking said last night that two Americans with Tibetan flags in their bags were detained for several hours in Lhasa last week and ordered to quit China by October 10.


In Lhasa, armed police were reported to have blocked all main roads out of the Tibetan capital, sealed off Buddhist monasteries and imposed a 10pm night curfew on Saturday. Military helicopters circled several times over the capital.

The protests and military crackdown come only days before the 38th anniversary of the Chinese army's entry into Tibet and just a few weeks before a crucial congress of the Communist Party. It is certain that the strained relations between the 1.7m Tibetans and 400,000 Chinese civilians and troops stationed in Tibet will now be near the top of a Congress agenda that was to be dominated by personnel changes in the party.

The violence also signals a dramatic rejection by Tibetans of Peking's efforts to cool hatred of Chinese rule by rebuilding monasteries destroyed in the 1960s and increasing development aid.

In its first detailed account of the riots in the Tibetan capital Lhasa, the People's Daily said the foreigners were among the crowd which burnt down a police station and attacked policemen with stones and bricks.

Foreign eyewitnesses described hand-to-hand fighting between police and monks who had led a demonstration calling for independence from China. Eyewitnesses said the dead included three monks and a young boy.

China's state television yesterday broadcast film of the riot for the first time, showing crowds, including monks in robes, stoning police and setting alight fire engines and other vehicles.

The chanting of Buddhist sutras by Tibetans has never been a soothing sound for a Communist Party that long ago drafted a constitution calling for the "propagation of atheism."

For the Chinese, who genuinely believe that Lhasa has long been their territory, the protests - the first on a major scale since an abortive uprising in 1959 - show that their more tolerant polices of recent years have yet to bridge the gap between themselves and the Tibetans.

For the Tibetans, the killing of at least six of their countrymen is simply the latest in a

Continued on Page 16

Dalai Lama to lobby Europeans on Tibet, Page 3

A Tibetan monk shouts at police during a demonstration against Chinese rule in Lhasa

# Citicorp selling main Manhattan properties to Dai-Ichi for $670m

BY ANATOLE KALETSKY IN NEW YORK

CITICORP, the leading US bank group, is selling most of its Manhattan property holdings to Dai-Ichi Mutual Life of Japan in *a $670m transaction. This* represents the biggest New York property investment to date by a Japanese firm.

For Citicorp, the deal is the latest stage in a financial restructuring designed to strengthen the group's balance sheet and boost profitability after the $3bn provisions set aside in May to cover possible losses on Third World lending.

When the Third World reserves were established, Mr John Reed, Citicorp chairman, said that realising full market value for undervalued property assets would make an important contribution to reducing the company's total losses for 1987 to $1bn, despite the much larger net loss of $2.3bn announced for the second quarter.

The Dai-Ichi property deal is expected to add an after-tax gain of $270m to Citicorp's profits for the fourth quarter. The sale involves two thirds of the landmark Citicorp Center on Lexington Avenue and one third of Citicorp's older midtown headquarters across the road at 399 Park Avenue.

The 59-story Citicorp Center, with its distinctive sloping roof, glistening silvery skin and spectacularly cantilevered support system, resting on a single ground-level stilt, is one of the most famous skyscrapers built in New York during the past 15 years.

Dai-Ichi is buying the 23rd to 59th floors of the Citicorp Center and the 17th to 39th floors of 399 Park Avenue. Citicorp will retain the lower parts of both buildings. The bank is leasing back most of the Park Avenue offices pending a move across the river to Queens for many of its headquarters staff planned for 1989.

The Citicorp Center space will continue to be let to existing tenants, which include the accountants Price Waterhouse and the large law firm of Sherman & Sterling.

The price paid for the Citicorp buildings by Dai-Ichi appears to be roughly in line with the $610m paid last year by Mitsui Fudosan for the Exxon building in the Rockefeller Center - a record transaction for the New York property market at the time.

# GEC's defence division close to winning US Navy contract

BY DAVID BUCHAN, DEFENCE CORRESPONDENT, IN LONDON

GEC of the UK is on the verge of clinching potentially one of the biggest foreign arms sales to the US with a contract for the joint development of a $3bn secure navy radio system.

The US Defence Department *is today expected formally to as*sign a $50m project definition contract to GEC's defence division, Marconi Communications, and Rockwell International for the development of a high frequency anti-jamming (HFAJ) radio.

The Marconi-Rockwell team actually beat Litton Industries of America for the development contract several months ago, but GEC executives said the announcement had been delayed by a bureaucratic procedure - the US Navy has to give Congress 90 days notice of how many programme managers it plans to put on the radio project. That period expires today.

After a 15-month project definition phase, Marconi and Rockwell will carry out a $500m development and initial *production programme*. The companies will then split up to compete with each other for full production of HFAJ radios, worth an estimated $2.5bn. The US Government frequently creates "multiple sourcing" in this way to ensure competition in defence production, if not development.

Production batches are generally split on a 60/40 or 70/30 per cent basis between the co-developers.

Award of part of a large US contract to a foreign company will be a further enticement to the many foreign defence contractors participating at the Common Defence exhibition in Washington this week.

This is the first time that companies from all countries with governmental defence procure*ment agreements with the US* - Nato countries, Australia, New Zealand, Japan and Israel - will have a chance to advertise their products at an American exhibition exclusively devoted to those products.

Britain overtook Canada in 1986 as the largest single supplier of defence equipment to the US, and GEC is one of the biggest UK defence exporters.

Previously, GEC Avionics, the division that worked on the ill-fated Nimrod radar, had been the group's star exporter to the US.

# IMF plans commodity index

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE IMF plans to develop by November examples of a new index of commodity prices which could be used by the largest industrial nations as a leading indicator of inflationary trends.

Mr James Baker, US Treasury Secretary, called last week for such an index as an anchor for the anti-inflation policies of the Group of Seven. He said that gold should be one of the commodities used.

Mr Michel Camdessus, IMF managing director, described the American idea as an "interesting suggestion." He made it clear, however, that the IMF would not support the re-establishment of a central role for the gold price in the international monetary system.

Another senior IMF official was less enthusiastic, describing Washington's decision to single out gold for inclusion as "half-baked."

*IMF officials anticipate few* technical difficulties in creating an index based on about 30 commodities. The weighting accorded to gold in such a basket, however, may eventually be based as much on political as economic judgments.

One senior official said that the US would regard a weight for gold of less than 5 per cent as "insulting," while European nations would not accept anything over about 15 to 20 per cent.

IMF economists will initially experiment with a number of indices, adjusting the weights for various commodities to achieve the best "fit" between raw materials' prices and consumer price inflation over the past 15 to 20 years.

They are confident that by November they will be able to submit to governments two or three alternative indices. It will then be up to the seven - America, Japan, West Germany, France, Britain, Italy and Canada - to decide which, if any, should be adopted.

The Fund's present commodity price index is regarded as unsuitable because of its technical construction. The commodities are weighted relative to their respective shares of world trade rather than to overall production. The existing index also excludes gold.

The type favoured by Mr Baker would give more emphasis to output of, rather than trade in, *individual commodities*.

# EC food plan is big switch in policy

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Community plans to launch a major free-food scheme for the poor and destitute from the beginning of next year in what would be a significant reversal of its agricultural policy.

The Community's bulging food stores will be thrown open to approved charities on a permanent basis from January and supplies distributed free of charge to the least well-off citizens of the 12 member states.

The cost of the operation has not been estimated but a report likely to be adopted by a full meeting of the 17-man European Commission on Wednesday discloses that the widely publicised temporary free-food scheme precipitated by the exceptionally cold weather last winter cost the Community budget Ecu160m-170m ($186m-$192m), of which Britain took the lion's share *with more than Ecu70m*.

Nobody in Brussels is pretending that the plan will cut down to size the notorious food mountains, which include almost 1m tonnes of unwanted butter and about 700,000 tonnes of surplus beef. Officials, however, believe that there is a strong social and moral justification for erecting a permanent scheme, that it would be politically popular throughout the Community, and that important lessons have been learnt from the ap-

Continued on Page 16

# Volvo may sell 49.9% holding in Hamilton Oil

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, the Swedish automotive group, is considering the sale of its 49.9 per cent stake in Hamilton Oil, the US petroleum group which has significant assets in the UK sector of the North Sea.

The weekend announcement confirms a major strategic change of direction by Scandinavia's biggest industrial corporation, which embarked on a series of major investments in the oil and gas sector in the late 1970s.

Volvo said that it had decided to re-evaluate whether it was consistent with the group's strategic interests to maintain a long-term holding in Hamilton.

It has informed the US Securities and Exchange Commission that it is considering "a sale or other disposition of part or all of its holding."

Volvo said that it had received several *inquiries in* recent months about the sale of its Hamilton shares, but there was no offer currently outstanding.

The group's 49.9 per cent stake has a market value of $304m, based on the closing price of the stock on Friday.

Volvo has invested around $270m to accumulate the Hamilton holding since 1982. It had to take a write-down of SKr430m ($66.7m) on the book value of the shares at the end of last year, as the Hamilton share price plunged in response to the sharp decline in oil and gas prices.

Hamilton's share price has since more than doubled, however, mirroring the recovery in the oil price, and has climbed to more than $24 per share from a low of around $10 per share last year.

The climb in the share price has opened the way for Volvo to seek to dispose of a holding which as late as 1984 was described by Mr Pehr Gyllenhammar, Volvo chairman, as part of the long-term "decisiveness guiding our operations in the energy field".

Volvo began to invest heavily in the oil and gas sector in the late 1970s at a time then the fortunes of its car operations were at a low ebb, and it felt the need to diversify into other sectors to protect itself against the cyclical fluctuations of the automobile industry.

The strategy has never achieved the *hoped-for success*, however, and instead the group has diversified directly into the food industry and has also taken a substantial minority holding in Pharmacia, the Swedish biotechnology and pharmaceuticals group.

Volvo's first spectacular attempt to enter the oil sector occurred in early 1978, when it planned to sell 40 per cent of its equity to Norway in exchange for shares in three blocks in the Norwegian sector of the North Sea, including the so-called "silver block", where Norsk Hydro

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# OVERSEAS NEWS

## Craxi backs Vatican in schools dispute

By John Wyles in Rome

MR BETTINO CRAXI, the Italian Socialist Party leader, has once again demonstrated his talent for drama by siding with the Pope and the Italian bishops in their controversy with the Italian government over the teaching of religion.

The former prime minister's intervention should make it a lot easier for Mr Giovanni Goria, the Christian Democrat premier, to reach a compromise on the issue when he meets Cardinal Casaroli, the Vatican's secretary of state, on Wednesday.

Mr Craxi's considerable authority on the matter derives from his signature, as prime minister, being on the new Concordat signed between the Vatican and the Italian state in 1984. Among other things, this committed the state to providing religious instruction in schools.

The current row is over just how optional attendance should be. The five-party governing coalition was about to agree that the lessons should be placed at the beginning or end of the school day, so that non-participants can be at home, when the Vatican intervened last Monday with a complaint that the Concordat was being unilaterally amended.

The other lay parties are saying that there can be no going back on the draft coalition agreement, and that no sovereign state should be required to negotiate its school timetables with the Vatican. Mr Craxi, by contrast, is saying that the Bishops are right to insist on a state-to-state agreement on when classes on religion should be given.

If, as seems likely, some compromise is reached, Mr Craxi's intervention will mark further progress in his quest to be seen as the constructive arbiter of Italian politics. A similar surprise initiative a month ago helped to push the government into deciding to send naval vessels to protect shipping in the Gulf. His latest move, moreover, could be a politically valuable opening towards Catholic communities. They have traditionally regarded him with suspicion, but are becoming increasingly disenchanted with the Christian Democratic party.

## Accord near on European cellular telephone plan

BY DAVID THOMAS IN LONDON

THIRTEEN EUROPEAN countries are to meet in London next week to finalise the timetable for a new pan European cellular telephone network, a project involving planning and co-ordination across European boundaries.

The countries have already agreed to drop the principle of national sovereignty by accepting that unanimous voting will not be necessary to resolve all disagreements about the network.

They also intend next week to specify dates for certain key milestones which all participating countries will follow in building their part of the network. Some participants believe that this will allow European manufacturers to receive tender documents from all 13 countries at the same time.

The London meeting is designed to fill in the gaps in the timetable in a memorandum signed last month in Copenhagen by France, Italy, West Germany, the UK, Spain, Belgium, the Netherlands, Portugal, Sweden, Denmark, Finland, Ireland and Norway.

The memorandum contains "a specific commitment to procure ... digital cellular telecommunications networks in each of the countries of the signatories."

The network will allow customers to use their cellular telephones in foreign countries for the first time. It will also be necessary because the first generation analog networks will become saturated in several European countries by the early 1990s.

The memorandum states that the participating countries should try to reach unanimous agreement on matters essential to bring the new network into operation by 1991 but adds that, where this is impossible, decisions can be taken if 71 per cent of votes are in favour using a weighted voting system.

France, Italy, West Germany and the UK have 10 votes each; Spain has eight; Belgium, the Netherlands, Portugal and Sweden have five each; and Denmark, Finland, Ireland and Norway have three each.

Among the issues which the countries have still to sort out are how to secure a compatible approach to numbering, routing, tariff and accounting policies.

Each country is already committed to trying to have its capital and principal airports covered by the network by 1993 and transport routes between capitals covered by 1995.

The delegates are likely to agree on a detailed timetable. This will commit them to ordering a test system in each country early next year, followed by the full operating network in for delivery in 1990.

The memorandum of understanding, while acknowledging the constraints of the General Agreement on Tariffs and Trade, also states that "the procurement policies of the network operators shall be to encourage a strong competitive European industrial manufacturing base."

## Ministers in new budget talks

BY QUENTIN PEEL IN NYBORG

NEW IDEAS to break the budget deadlock of the European Community were presented to foreign ministers by the EC Commission yesterday—with a deadline of tomorrow morning to accept or reject them.

The Ministers—meeting in the Danish resort of Nyborg—wrestled with the cash crisis of the Community for several hours of their six-monthly informal meeting without apparently getting nearer a short-term solution to provide adequate finances for a 1988 budget.

They did agree, however that there is now an overriding need to reach agreement on long-term financing reforms — including specific proposals to keep agriculture spending under control—in time for the EC summit of heads of government in Copenhagen in December.

The new proposals for the 1988 budget would provide greater assurance for financing regional and social spending, and grant some relief to Spain and Portugal from the cost of selling off surplus butter stocks. They are intended to persuade Spain and Greece to drop their objections to a Ecu 39.3bn (£27.5bn) contingency budget.

No attempt was made to shift the British position of outright rejection of any budget that exceeds the current ceiling—of Ecu 35.3bn (£24.7bn) — on budget contributions from the 12 member states.

Diplomats expressed their doubts yesterday about whether the changes would lead to an agreement tomorrow, just after the legal deadline expires for the EC Council of Ministers to present the European Parliament with a draft budget for next year.

But Mr Uffe Ellemann-Jensen, the Danish Foreign Minister who made a big effort from the chair to push through a deal, expressed "guarded optimism." He was to ring Lord Plumb, the president of the European Parliament, last night to seek an extension of the deadline.

If the 12 member states fail to agree on a 1988 budget, they face the threat of being taken to the European Court by the EC Commission, while EC spending next year will remain at this year's level.

## Competition move expected

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN COMMUNITY member states are today expected — for the second time in less than a year — to sanction a controversial scheme to force public authorities to tender more openly for basic supplies.

The Community's 12 Trade and Industry Ministers agreed the main terms of the proposal last December. But the European Parliament has asked them to think again in an attempt to allow public purchasers to discriminate in favour of suppliers with good records for providing equal employment opportunities.

This is the assembly's first significant attempt to make use of the extra influence accorded to it under the Single European Act, ratified in the summer.

The scheme aims to plug loopholes in an existing directive which should oblige public purchasers to allow free competition for supply contracts, but which has been widely ignored. Public supplies —including defence, not covered by the directive — account for up to 9 per cent of the EC's gross domestic product.

The proposal forms part of a general campaign by Brussels to boost competition in public purchasing, due to culminate next year in long-awaited European Commission proposals to enforce free competition in energy, water, transport and telecommunications, now excluded from EC public purchasing rules.

The parliament deliberately delayed giving its opinion on the supplies directive until after the act's procedures came into force in July, so that it could take advantage of the chance offered under the new rules to have a second reading. This means that even if the scheme gets a smooth passage today, it will not finally be adopted by the Council of Ministers until early next year.

However, the assembly's demands for changes are unlikely to be accepted in full. The Commission has suggested a compromise, whereby public purchasers can demand that suppliers conform with national employment laws.

Southern EC members, including Greece and Italy, also want scope for public authorities to discriminate in favour of suppliers in poorer regions. Here the Commission is ready to accept only existing regional preferences, so as to make it harder for the member-states involved to introduce new ones.

## Jayawardene orders full Indian help

President Jayawardene of Sri Lanka yesterday ordered the Indian peace-keeping force to co-operate fully with the local army and police, in restoring law and order in Trincomalee, lest he order the Indian troops to withdraw from the area, writes Mervyn de Silva in Colombia.

This directive, the first serious sign of a rift between Sri Lanka and India in implementing the July 29 peace accord followed a conference in Colombo yesterday.

## Romanian shuffle

Romania has displaced four government ministers, including those of interior and justice, the official Agerpres agency announced, Reuter reports from Vienna. These changes were consistent with a recent series of ministerial shuffles by President Nicolae Ceaucescu.

## Kaunda Aids death

President Kenneth Kaunda of Zambia yesterday stated that one of his sons, Masuzyo, died of Acquired Immune-Deficiency Syndrome in December last year, reports Victor Mallet in Lusaka.

Mr Kaunda, on the eve of a trip to the US, and then Canada for the Commonwealth summit, said: "How my son got Aids I don't know. The disease is so serious that we plead for the World Health Organisation to fund the campaign against it."

## Swiss 'set to quit'

Mr Pierre Aubert, Swiss Foreign Minister, is expected to announce today that he will resign at the end of the year, writes John Wicks in Zurich. This was heralded in a statement this weekend by Mr Dario Robbiani, an MP in the Social Democratic Party to which the minister belongs.

## Dollar 'to fall further'

BY TERRY BYLAND

AN INTERNATIONAL economic conference to be held later this week by the European Macroeconomic Service of DRI, a division of Standard and Poor's will be told that the US dollar has not quite finished its fall. DRI believes that the currency's loss is helping to correct the US trade deficit but that a further downward adjustment is needed.

While the service expects only a modest reduction in the trade deficit in 1987-88, it predicts that by 1990 the deficit will be down to $121bn compared with the 1987 deficit of $148.5bn.

DRI warns that inflation is rising again in the major industrial countries. From an average of 2.4 per cent last year, the rate is already above 3 per cent this year and expected to move above 4 per cent in 1988.

It is against this background that DRI is forecasting slower growth in world trade as import growth slackens, particularly in the US.

## Reagan may make fresh demands of Managua

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN is expected this week to announce a list of tough conditions to be met by the Nicaraguan Government if the Sandinistas wish to avoid a resumption of US military aid to the Contra rebels.

The list includes a demand for new presidential elections in Nigaragua well before those scheduled for 1990, an immediate end to Cuban and Soviet-bloc military aid to Managua and the release of all the 2,300 political prisoners.

Several of the conditions are not included in the Central American peace plan agreed in Guatemala City last August by the region's five political leaders and are likely to be rejected by Nicaragua.

President Reagan's demands fill what he describes as key gaps in the Guatemala accord but he risks charges that he is sabotaging chances for all parties to meet their agreed November 7 deadline.

*The New York Times* reported yesterday that President Reagan would set out the demands in detail in a speech to the Organisation of American States on Wednesday.

Nicaragua and El Salvador—the two countries most affected by guerrilla insurgencies—have been taking tentative steps towards carrying out the Guatemala accord's provisions.

President Duarte of El Salvador was due to meet rebel leaders in San Salvador yesterday after an agreement was reached on security arrangements for the talks.

Nicaragua has allowed the opposition newspaper La Prensa to re-open, as well as the local Catholic radio station, to meet the demand for banning press censorship under the accord.

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## OVERSEAS NEWS

# Fears of wider war as Iran shells Basra

BY ANDREW GOWERS IN DUBAI

FEARS of an imminent resumption of the war of the cities between Iran and Iraq arose yesterday when Iran mounted a sustained bombardment of Iraq's second city, Basra, and announced that it was launching a new wave of strikes against Iraqi military, industrial and economic targets.

Basra residents reported that shells had fallen all over the city for at least five hours, after the Iranian warning of retaliation for recent Iraqi air raids on centres in Iran. Iran's War Information HQ said that only residents of four holy Shi'a cities in Iraq would be safe from attack. It also said industrial targets in northern Iraqi border areas had been hit.

Both Tehran and Baghdad have mounted sporadic attacks on population centres in their seven-year war, causing heavy civilian casualties. The last bout ended in February after Iraqi jets had raided deeply in Iran and Tehran had hit Baghdad with surface-to-surface missiles.

Developments yesterday followed a mysterious and tense series of incidents involving Iranian and US naval forces in the Gulf on Friday night and Saturday. In the first, the US command ship La Salle left a convoy and rushed to the northern Gulf while there were reports of what its commander, Rear-Adm Harold Bernsen, called "a considerable amount of Iranian naval activity" in the region. In Washington, the White House reported that Saudi patrol boats had also been standing by, but said it was aware of no conflict.

**MR RILWANU LUKMAN, president of the Organisation of Petroleum-Exporting Countries, said yesterday that Opec's crude oil production in September was substantially less than that in August, when the ceiling was exceeded by a wide margin, Reuter reports from Lagos.**

**He did not specify the September production figures but, asked if they were within Opec's self-imposed ceiling of 16.6m barrels a day, he said "perhaps not."**

Reuters news agency said about 35 Iranian speedboats had been spotted heading for the Ras al-Khafji oil terminal in Saudi Arabia on Friday night, and that Saudi jets had dived at the vessels to deter them. Saudi Arabia and Kuwait, which jointly own the terminal, denied knowledge of the incident. However, Iran appeared to offer an explanation when it said yesterday that, on Thursday through Saturday, it had been conducting naval exercises in the northern Gulf to protect its Kharg island oil terminal.

Late on Saturday afternoon, another confrontation seemed near when an Iranian warship's radar locked onto the US destroyer Kidd—normally the prelude to a missile attack. The Kidd repeatedly warned the Iranian vessel to withdraw, which it did eventually without an exchange of fire.

US officials yesterday were describing the latter incident as mere "routine harassment"

SHIPPING REPORT

# Japanese move boosts tankers

By Kevin Brown, Transport Correspondent

THE TANKER market was given a boost at the end of last week by the Japanese decision not to allow domestic flag ships to seek business in the Gulf.

Brokers said it was unclear how long the boycott would last. An earlier Japanese decision to avoid the Gulf lasted only two days.

There were widespread hopes among shipowners, however, that Japanese charterers would turn to foreign-flag tonnage and that the extra demand would lead to an increase in rates.

Otherwise, brokers said general activity in the Middle East Gulf had been slow, although there were signs of an improvement towards the end of the week. A major oil company was reported to have paid Worldscale 42½ for 220,000 tonnes for discharge in Singapore and Taiwanese charterers paid Worldscale 39.125 for a 230,000-tonne cargo.

In the dry cargo market, brokers said rates were steady for most of the week, but moved upwards decisively on Thursday and Friday. The US Gulf to Continent rate was up to \$9.25 and the key Gulf to Japan rate to \$16.50.

Andrew Gowers in Dubai experiences the tension of the Gulf war of missiles and words

# 'This is your last and final warning'

EVEN AT the most tense of times, the opaque turquoise waters of the Gulf can seem deceptively calmn.

So it was this weekend as a group of us ventured into the shipping lanes aboard one of the ubiquitous supply tugs that ply back and forth between Dubai and the merchant ships moored off its coast. The preceding 10 days had seen one of the most explosive bouts of attacks on shipping by Iraq and Iran since the so-called "tanker war" began in 1984.

There had been warnings that Iran had laid new minefields in the waterway—including one in what must be one of the most heavily-used shipping lanes just 20 miles off Dubai. And there had been more blood-curdling noises from Tehran implying imminent confrontation with the huge US military forces now concentrated in the region.

Yet all, on Saturday, was eerily quiet. At anchor a couple of miles outside Dubai's picturesque dhow-lined creek sat a host of tankers and freighters, salvage vessels alongside, like some grotesque floating hospital. Some ships have been moored there for months, convalescing from the still-visible damage inflicted in this year's upsurge of attacks. There to starboard were the Iranian tankers Khark and Sanandaj, nursing 10-foot holes evidently pierced in identical spots above the waterline by Iraqi rockets. Over to port was the Indian ship Spic Emerald, pursued and fired on by an Iranian gunboat only the day before.

On the ship's radio came the constant crackle of messages from elsewhere in the crowded Gulf—and a perpetual reminder of the large number of foreign warships now patrolling the waterway. "This is a US Navy warship on your port bow," said a disembodied voice to another ship somewhere over the horizon. "We wish you a good day."

Yet as we sailed on under thet midday sun, we realised that at least one of the Western navies was a good deal closer at hand. Here, some 10 miles out, were three of the four British minehunters we had heard so much about—huddled together at anchor with their support ship Abdiel and with the frigate Andromeda standing by — after several days of what according to some accounts had been fruitless minesweeping in the Dubai channel.

Nearing the flotilla, we called up the Andromeda's skipper, Captain Neil Rankin, on the ship's radio, requesting a chat. The answer, of course, was a terribly polite "no"—and a generous gift, delivered by express speedboat, of Courage beer. "Compliments to Fleet Street," said the bearded lieutenant—cheerfully if a little geographically behind the times—as he handed over the liquor. "We'd love to talk to you once the situation becomes more relaxed, but I'm sure you appreciate we're a bit zip-lipped at the *moment*."

So off we went again, to see what was happening in the main shipping lanes further out. There, too, things had an air of normality, though the events of the past few months and days had definitely left their mark. Two huge Japanese tankers—apparently under orders not to move since the run of Iranian attacks on Japanese-operated vessels earlier in the week—wallowed aimlessly and fully-laden, looking almost becalmed and further off on the horizon was the unmistakeable and increasingly familiar sight of a US naval convoy—this consisting of two warships, two supply boats and a hovering helicopter escorting the reflagged Kuwaiti gas carrier Gas Prince out of the Gulf after a laborious 10-day voyage frequently delayed by mine fears.

Unsurprisingly, if a trifle disappointingly, Iran's revolutionary gunboats, which have been operating from islands closer to the Iranian coast, were nowhere to be seen. If a reminder were needed of the uneasy standoff between them and the Americans it came loud and clear over the radio as we breezed back into Dubai. "This is the USS Kidd," said an American voice to an Iranian warship. "You have your radar locked on to us. This is your last and final warning."

The incident, as a number of others have been in the past few weeks, was defused without shots being fired. Another day had passed in the southern Gulf without the oft-predicted seriou flare-up. But there are not many in Dubai's edgy shipping community these days who will confidently deny that the Gulf looks like a confrontation waiting to happen.

**European Community foreign ministers have called for urgent talks with the Gulf Co-operation Council (GCC) on closer political and trade ties—but they seem unlikely to offer the free trade area wanted by the Gulf states.**

**The ministers agreed yesterday that the European Commission should propose a formal negotiating mandate for their next meeting—on October 19 and 20—as a political sign to the Gulf states.**

**The whole question of a closer trade deal has been the subject of desultory talks in recent years, with disagreements on both sides delaying a start.**

**Several EC countries, including the UK and Italy, are concerned at the prospect of unlimited tariff-free access for petrochemicals from the Gulf threatening their own petrochemical industries.**

**Saudi Arabia is the Gulf state pushing the idea of a free trade area hardest. Others, such as Oman, are much more cautious, and concerned about what might happen to their infant industries if exposed to tariff-free EC imports.**

**Mr Claude Cheysson, the EC Commissioner responsible, is known to favour the proposal for a free trade area, but he faces opposition within the European Commission as well as from many member states.**

**Sir Geoffrey Howe, the British Foreign Secretary, and Mr Giulio Andreotti, the Italian Foreign Minister, both made it clear yesterday that they favoured most favoured nation status for the Gulf states.**

**● EC Foreign Ministers yesterday dismissed the proposals of Soviet leader Mikhail Gorbachev for a nuclear-free zone in the Baltic as a "backwards step"—insisting instead that disarmament negotiations must concentrate on a balance of conventional forces in Europe as a whole.**

# Brazil and creditors ease confrontation

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

BRAZIL and leading creditor banks have established a timetable for talks over the next few weeks, after a weekend meeting in New York which went some way towards relaxing the confrontation between the two sides.

Mr Fernando Milliet, Brazil's Central Bank chairman, met the 14-bank advisory committee a week after Brazil had presented a proposal which banks found unacceptable.

There seems to have been no direct discussion of the Brazilian plan at the weekend. Senior bankers had privately informed the Brazilians of their opposition to it during the annual meetings of the International Monetary Fund and World Bank in Washington last week.

A statement by Citibank, the committee chairman, after the weekend meeting said the committee had outlined principles of a concerted plan to address Brazil' financial needs and that negotiations would resume soon.

Bankers said the committee did not present a counter-proposal, but it stressed that the principles still important to it were:

● Normalisation of relationships with banks, including the payment of some interest (Brazil halted interest payments in February on \$68bn of bank debt);

● Establishment of a viable plan for the Brazilian economy;

● Concerted financing arrangements involving the IMF, the World Bank, sovereign creditors and private creditor banks. (Brazil had sought financing from private banks alone.)

There was no agreement on any aspect of these but the Brazilians said there seemed enough of an "overlap" between the respective positions to continue talking, bankers reported. They added that the mood of the meeting was encouraging and that the Brazilians had sought to establish a framework for future meetings.

Talks are due to continue this week at sub-committee level, particularly on the country's economy.

Senior Brazilian officials are expected to take part next week in further meetings in New York. The hope is that the full advisory committee will reconvene with the Brazilians on October 19, a week before US banking regulators are expected to rule on whether or not Brazilian debt is to be downgraded to value-impaired status.

That would force new losses on US banks and make agreement on any new loan very difficult. Brazil has sought \$10.4bn to help finance its interest payments of 1987 through 1989.

# Dalai Lama to lobby Europeans on Tibet

BY COLINA MACDOUGALL

THE DALAI LAMA plans to make his first official visit to Europe early next year as part of a growing campaign to raise public awareness of the plight of his countrymen in Tibet.

*The religious* leader *fled from* invading Chinese armies in 1959 and has since lived quietly in India concerned mainly with spiritual matters and the welfare of the exiled Tibetan community.

The Dalai, in London this week to brief supporters and discuss plans, has adopted a new, positive approach to induce the Chinese to rethink their policy on the development of Tibet. He hopes to persuade them to cut back on ethnic Chinese settlement and permit genuine Tibetan autonomy.

As part of this effort to open discussion, members of the London-based International Parliamentary Group on Tibet will visit Peking in November.

The Dalai's latest move follows his successful trip last month to Washington where, speaking to the Congressional Human Rights Caucus, he urged "earnest negotiations" on the status of Tibet and relations between China and Tibetan people.

He proposed this as part of a five-point plan calling for the designation of Tibet as a zone of peace, an end to the massive transfer of ethnic Chinese into Tibet, restoration of fundamental human rights and a halt to China's nuclear development programme there.

Chinese statements following the Dalai's appeal have expressed regret and indignation that US the Government allowed him a platform. Peking did not, however, repeat *warnings of last June when*, following two House of Representatives amendments on freedom and human rights in Tibet, the official Chinese news agency claimed that US actions threatened to sabotage US-China relations.

The Dalai's campaign is a response to pressure from within Tibet, says Mr Frederick Hyde Chambers, council member of Britain's Tibet Society. Unrest in Lhasa came to a peak last week with a demonstration by several hundred people led by Lamas demanding more freedoms.

Tibetans increasingly fear the complete destruction of their traditional culture. Peking's efforts to restore temples destroyed in the Cultural Revolution are entirely to boost the profitable tourist trade, *they* say.

Although Tibetans are alarmed at the tourist industry since it has brought an influx of Chinese to build hotels and facilities, they welcome the chance it provides to attract world attention. Last week's demonstration was only reported by the Chinese because of the presence of foreign tourists. This presence also prevents Chinese troops from using force to quell dissent.

# Rabuka presses for new Fijian constitution

BY CHRIS SHERWELL IN SYDNEY

FIJI'S CONSTITUTIONAL future as a monarchy or as a republic is likely to be decided at a make or break meeting scheduled for today between Col Sitiveni Rabuka, the South Pacific state's self proclaimed military ruler, and its three most important political figures.

The time and location of the meeting remained uncertain last night after an incident involving one of the participants, Dr Timoci Bavadra, the former prime minister deposed by Col Rabuka in a coup.

Dr Bavadra said he would not attend a meeting in the capital, Suva, after being chased in a car by armed men near his home village in the west of Fiji's main island. A meeting in nearby Lautoka remains a possibility.

The quadripartite "summit" will be the second since last Wednesday, when Col Rabuka unexpectedly met Dr Bavadra, Ratu Sir Penaia Ganilau, the governor-general, and Ratu Sir Kamisese Mara, the former prime minister whose party was defeated by Dr Bavadra's coalition in last April's election.

Col Rabuka followed up the meeting with an equally unexpected announcement on Thursday revoking the country's 1970 independence constitution. He said he was head of state and promised to make the country a republic unless the others agreed to the constitutional changes he wanted.

In a radio interview yesterday, he repeated this and reaffirmed that his minimum demands were for a parliament in which ethnic Fijians held a guaranteed majority. Certain positions—prime minister and foreign affairs minister, for example—were also to be reserved for Fijians.

Col Rabuka said he wanted Christianity to be made the official religion, and promised elections next year whether or not the meeting produced an tional future.

In a related development, the Anglican church in Fiji released a pastoral letter declaring that "the demon of fear" was on the loose in Fiji and insisting that violence did not offer a solution to the country's problems.

In Nadi, on the west of Fiji's main island, a bomb was reported to have exploded in a police station, seriously injuring one police officer. It was the first serious injury since a bomb killed the driver of a car and injured two others last Saturday, one day after Col Rabuka executed his second coup in five months.

In his interview, Col Rabuka said if agreement was reached today he would ask for a covenant to be signed stating that it would be part of the constitution. A "constituent body" would be assembled to ratify the new constitution, "then we have elections . . . early in the new year."

If his proposals were not adopted, he would declare Fiji a republic, he said. An interim government, on the other hand, should include all three figures and representatives of the Indian community.

Col Sitiveni Rabuka

**Robin Pauley** looks at racial conflict and power politics in a once quiet backwater of the world

# Pacific islands face up to post-colonial turmoil

OPEN A diary containing maps of the world, and the chances are that Fiji will not appear. Nor will most of the thousands of other islands spread across the world's largest ocean, the Pacific.

Presumably anyone interested in Manihiki or Tabuaeran already knows where they are and the rest of us will never want to look them up. However, a number of South Pacific island chains have exploded from this oblivion into the international headlines this year, the most significant being Fiji which has suffered two bloodless coups since May and has rarely been out of the news since the first on May 14.

But are the events in this paradise archipelago of 300 islands, momentous though they are for the 715,000 inhabitants, of any international consequence at all?

There is an argument that says they are not. A small problem in a small, out of the way place may be interesting or regrettable—or both or neither. But as it is seemingly irrelevant to the greater world economic and diplomatic order it can safely be regarded as an internal difficulty, safely ignored.

But there are a number of counter-arguments. The first is strategic. A circle drawn with a compass centred in the middle of the Pacific will brush New Zealand, Australia, South East Asia, China, Japan, the Soviet Union, North and South America. All have strategic sea and air lanes across the Pacific.

The second argument is poltical. For years the multitude of South Pacific islands have been largely ignored because of their stability and the complacent presumption by the West that traditional relations, friendships and alliances would last forever.

In the last couple of years this has proved not to be the case. Both the Soviet Union and Libya started to take an interest just as stability wavered in several archipelagos. Suddenly Kiribati (formerly known as the Gilbert Islands) and Vanuatu (which was the New Hebrides) had fishing deals with the Soviet Union, giving the Soviet Union port facilities in the South Pacific for the first time. Libya has links with Vanuatu, although a projected permanent Libyan mission in Port Vila is not yet open. There is no indication that the Soviet Union would wish to intervene in any way in Fiji, but for the West to ignore what is going on there, could send a wrong signal, to Moscow and elsewhere, about its attitude towards the remoter regions of the Pacific.

Fiji gained independence from Britain in 1970 and since then colonial powers have slowly withdrawn from many other islands: Kiribati, Vanuatu, the Ellice Islands (now Tuvalu), Papua New Guinea, the Solomon Islands.

The great colonial empires brought about major population shifts, as labour moved from one part of an empire to another. In some cases, like Australia and the United States, European immigration resulted in the virtual annihilation of the indigenous populations. In others the natives survived but the immigrants' descendants now form substantial sections of multi-racial populations. These racial differences have resulted in prejudices and discrimination, which have thwarted the goal of peaceful integration and ethnic harmony.

So it is in Fiji. The current troubles have at their root the importation of Indian workers by the British to cut sugar 100 years ago. The British have largely gone. The Indians have not. They now slightly outnumber the Melanesians who have been there for 3,000 years or more.

Fiji is but the latest of the racial conflicts arising from Britain's colonial habit of moving Indian workers around the Empire. Ugandan Asians had to be airlifted out of Uganda 20 years ago; workers brought to work in Ceylon's tea plantations were of the minority ethnic group involved in Sri Lanka's recent bloody ethnic conflict.

In 100 years Fijian Melanesians had seen the Indians grow in numbers, take control of commerce and the key sugar crop, and finally, in April of this year, gain effective political control. The Melanesians fear that once in power the Indians will also move to take control of tribal lands. This fear may be unfounded but it is understandable.

Fiji is a member of two important international organisations — the South Pacific Forum and the Commonwealth. The Forum groups together 13 Pacific nations, including New Zealand and Australia, in an important strategic and economic union.

The Treaty of Raratonga or "Spinfizz" (South Pacific Nuclear Free Zone) was formulated by the Forum to establish the Pacific south of the Equator as a region where nuclear weapons should never be used or stockpiled. It provided an important regional unity between the small islands and the major powers in Canberra and Wellington, and acted as an collective voice to try to pressure France to halt its nuclear testing at Mururoa. The coup could result in both Pacific powers breaking with Fiji; if Fiji's Melanesian supporters withdrew in protest the Forum would be smashed.

Within the Commonwealth, Fiji recognised the Queen as Head of State. Fiji's crisis is a classic test of the Commonwealth's influence. All of Fiji's closest diplomatic, economic and traditional friends (except the US) are among the 48 Commonwealth states whose heads of government meet in Vancouver on October 13.

If Commonwealth pressure can secure a peaceful, democratic and non-racist resolution to the crisis it will have proved it can play a useful international role. If it cannot, the question arises, is it more than anachronistic talking shop?

# LDP brings forward date for election of Nakasone successor

BY IAN RODGER IN TOKYO

JAPAN'S RULING Liberal Democratic Party has decided to bring forward the date for the election of a new leader to succeed Mr Yasuhiro Nakasone as Japan's prime minister.

However, with only about three weeks to go until the election, there is still no obvious front runner. Even veteran political analysts in Tokyo are shying away from making any predictions about the outcome.

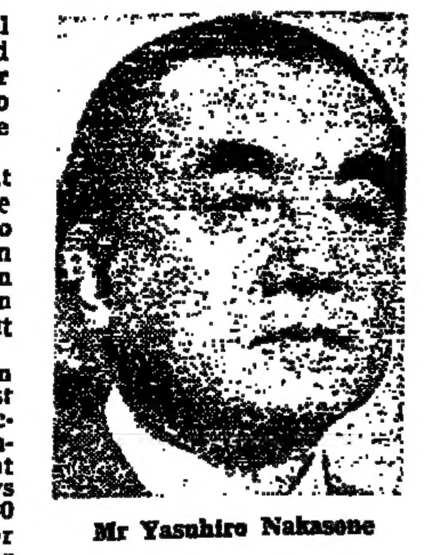
Nor is it clear exactly when the election will be held. Last week, leaders of three LDP factions which have formed an informal alliance suggested that it be brought forward 10 days from the scheduled October 30 date. They think an earlier election would be to their advantage.

After some discussion, the other factions, which are trying to bring about a selection of the new leader through behind-the-scene negotiations, agreed in principle to an earlier date, but only if it was brought forward by a fewer number of days, probably five.

The next event in the countdown to the election occurs this Thursday, which is the date on which potential candidates have to show that they qualify to run. In order to qualify, they need to collect signatures from at least 50 members of the Diet (Parliament).

If more than three qualified candidates enter, then an election must be held among the general membership of the party. At the moment, there are four declared candidates, Mr Noboru Takeshita, a former finance minister, Mr Shintaro Abe, a former foreign minister, Mr Kiichi Miyazawa, the current finance minister, and Mr Susumu Nikaido, an elder statesman.

It has seemed unlikely that Mr Nikaido, who has only 15 Diet members in his faction, will get the necessary 50 signatures. But it is also surprising that he has not tried yet to save face, in the customary Japanese way, by withdrawing gracefully in advance of the October 8 deadline.



Mr Yasuhiro Nakasone

In the past, supporters of other candidates have occasionally "loaned" their signatures to a weak candidate just to make sure an election took place. Assuming Mr Nikaido does withdraw, then, according to party rules, the election of the new leader would be made only by the 304 LDP Diet members. However, once again the Japanese way is to save everyone's face by settling the succession through behind-the-scenes negotiations and that is what is expected to happen.

The factions of Mr Takeshita and Mr Abe have already formed an informal alliance which, together with the declared support of a small faction, would seem to give them enough to win. The alliance is based on the idea that Mr Takeshita will become the leader now but that he will turn it over to Mr Abe in two years' time.

However, the other major factions, controlled by Mr Nakasone and Mr Miyazawa, are trying to break up this alliance, notably by suggesting to Mr Abe that Mr Takeshita will be unable or unwilling to deliver on his promise. They are suggesting that Mr Miyazawa, who will turn 69 this week, is much more likely to stand down in two years' time and so Mr Abe should do a deal with him.



# S Africa admits troops in Angola

By Jim Jones in Johannesburg

GENERAL Magnus Malan, South Africa's defence minister, confirmed at the weekend that his country's troops are operating in southern Angola, where forces of the insurgent Unita group are locked in battles with the Luanda Government's Soviet-led Fapla forces.

The carefully-worded confirmation did not, however, say South Africans were lined up against Luanda's Cuban-backed troops, but merely that the South Africans were in Angola to combat Swapo and ANC units.

Though most observers believe South African ground and air forces are operating directly in support of Unita, South Africa's Government-run radio service quoted Gen Malan as saying Unita received only limited South African help, as it had assistance from the United States.

The battles in southern Angola are reported to be the most crucial assaults by government forces on Unita. Luanda's aim, Unita says, is to take Jamba, Unita's headquarters in the south of the country. Dr Jonas Savimbi, the Unita leader, believes that "a final showdown" will take place within two or three weeks.

Late last week the Unita leader said that the civil war's largest battle began on September 13, and that Russian-led forces had overwhelmed three Unita battalions and crossed the Lomba River in an effort to crush Unita. Since then, Dr Savimbi added, the Falpa forces have been pushed back north of the Lomba.

# Sudan devalues 44% in deal with IMF

SUDAN has opened the way to fresh international financing by devaluing its currency 44.4 per cent and boosting commodity prices in a deal with the International Monetary Fund (IMF), Mr Beshir Omar, Finance Minister, said, Reuter reports from Khartoum.

The agreement with the IMF followed talks in Washington ending last month on ways to bolster the country's battered economy. Sudan, hit by drought, civil war and a huge refugee problem, has been unable since the early 1980s to service fully its $10.6bn foreign debt.

The IMF, owed an estimated $600m in arrears, declared Sudan ineligible for fresh loans in February last year. Mr Omar said Sudan now would be eligible for fresh loans after devaluing its pound to 4.5 to the dollar from 2.5 with immediate effect.

The new rate covers all government dealings and remittances from abroad. Western experts say expatriates remit $3m to $5m monthly through legal banking channels but that much more passes through the black market where they can get up to £7 for a dollar.

# FSX decision disappoints Japan defence industry

BY IAN RODGER

THE Japanese Government's decision to develop a new fighter aircraft jointly with the US is a major setback to Japan's fast growing aerospace industry. The industry badly wanted to develop the new fighters, codenamed FSX, on its own, both to show off its knowhow and to confirm its international competitiveness.

The decision for a joint development, announced during a visit by Japan's Defence Minister, Mr Yuko Kurihara, to Washington at the weekend, came as no surprise in the light of the recent aggravation of trade and security frictions between the two countries. But industry officials say that without total control over the project, they will have difficulty keeping their design and engineering groups together.

Until last spring, the Japanese Defence Agency and the defence equipment manufacturers were lobbying hard for approval to design and build the new ground support fighter, needed to replace the ageing fleet of Mitsubishi F-1s. The estimated Y1,000bn (£4bn) cost of the programme would provide a major boost to an industry whose total annual sales are now about $800m.

Moreover, the leading companies in the industry, Mitsubishi Heavy Industries, Kawasaki Heavy Industries, Ishikawajima-Harima Heavy Industries and Fuji Heavy Industries have suffered considerably in the past few years from the decline of shipbuilding, and have been looking to aerospace to provide them with new life.

The US Government, however, argued that an independent development would be a waste of money, given that Japan would need only 100 aircraft and had a longstanding policy prohibiting exports of military equipment. It suggested that the Japanese should agree to a joint development based on an existing US fighter, such as the McDonnell Douglas F-18.

Analysts say that behind these arguments there are more emotional factors. Both sides, it is said, recognised that the Japanese were fast catching up in a sector, aerospace, which the US has regarded as largely its own. In some areas, such as avionics, the Japanese even claim a lead. In any event, the Japanese saw a "Rising Sun" FSX programme as an opportunity to prove its total system capability.

Once achieved, this could be applied to civil aircraft manufacture and the Japanese might become the formidable international competitors in that sector that they already are in so many other high technology areas. The US, analysts say, wanted to prevent that opportunity from being realised.

Until July, it looked as if the Japanese would be able to ignore the US representations, especially if they co-ordinated that decision with another to soothe the US by placing a big order for US made AWACS surveillance aircraft. However, the controversy early in the summer over the sales by a Japanese company of sophisticated machine tools to the Soviet Union aggravated considerably the already tense trade relations between Japan and the US.

Suddenly, Japan was looking like an unreliable ally, and the US Congres was contemplating tough sanctions.

The Japanese Government soon realised it had to back away from its support for the idea of an independent FSX development. The Japanese industry lobbied hard, but the Government was paying more attention to the temperature on Capitol Hill in Washington than to the local industry.

By mid-September, it was clear that there would be no independent development. Mr Kurihara went to the US capital on Friday with a package of measures aimed at cooling Congressmen's tempers. He offered not only a joint FSX development but also a huge joint effort to improve submarine detection systems.

## World Economic Indicators

UNEMPLOYMENT

| | | | | | |
|---|---|---|---|---|---|
| | | Aug. 87 | July 87 | June 87 | Aug. 86 |
| US | 000s | 7,221 | 7,224 | 7,260 | 8,057 |
| | % | 6.0 | 6.0 | 6.1 | 6.8 |
| UK | 000s | 2,866 | 2,906 | 2,905 | 3,280 |
| | % | 10.3 | 10.5 | 10.5 | 11.8 |
| | | July 87 | June 87 | May 87 | July 86 |
| W. Germany | 000s | 2,176 | 2,097 | 2,099 | 2,132 |
| | % | 8.0 | 7.7 | 7.7 | 7.8 |
| France | 000s | 2,487 | 2,459 | 2,522 | 2,395 |
| | % | 10.7 | 10.5 | 10.8 | 10.2 |
| Italy | 000s | 3,219 | 3,213 | 3,218 | 3,105 |
| | % | 14.1 | 14.0 | 14.1 | 13.4 |
| Netherlands | 000s | 691.9 | 657.9 | 653.4 | 714.0 |
| | % | 12.1 | 11.5 | 11.4 | 12.5 |
| Belgium | 000s | 515.0 | 466.1 | 470.5 | 522.6 |
| | % | 12.5 | 11.3 | 11.4 | 12.7 |
| | | June 87 | May 87 | Apr. 87 | June 86 |
| Japan | 00s | 1,760 | 1,910 | 1,900 | 1,610 |
| | % | 3.0 | 3.2 | 3.0 | 2.7 |

Source (except US, Japan): Eurostat

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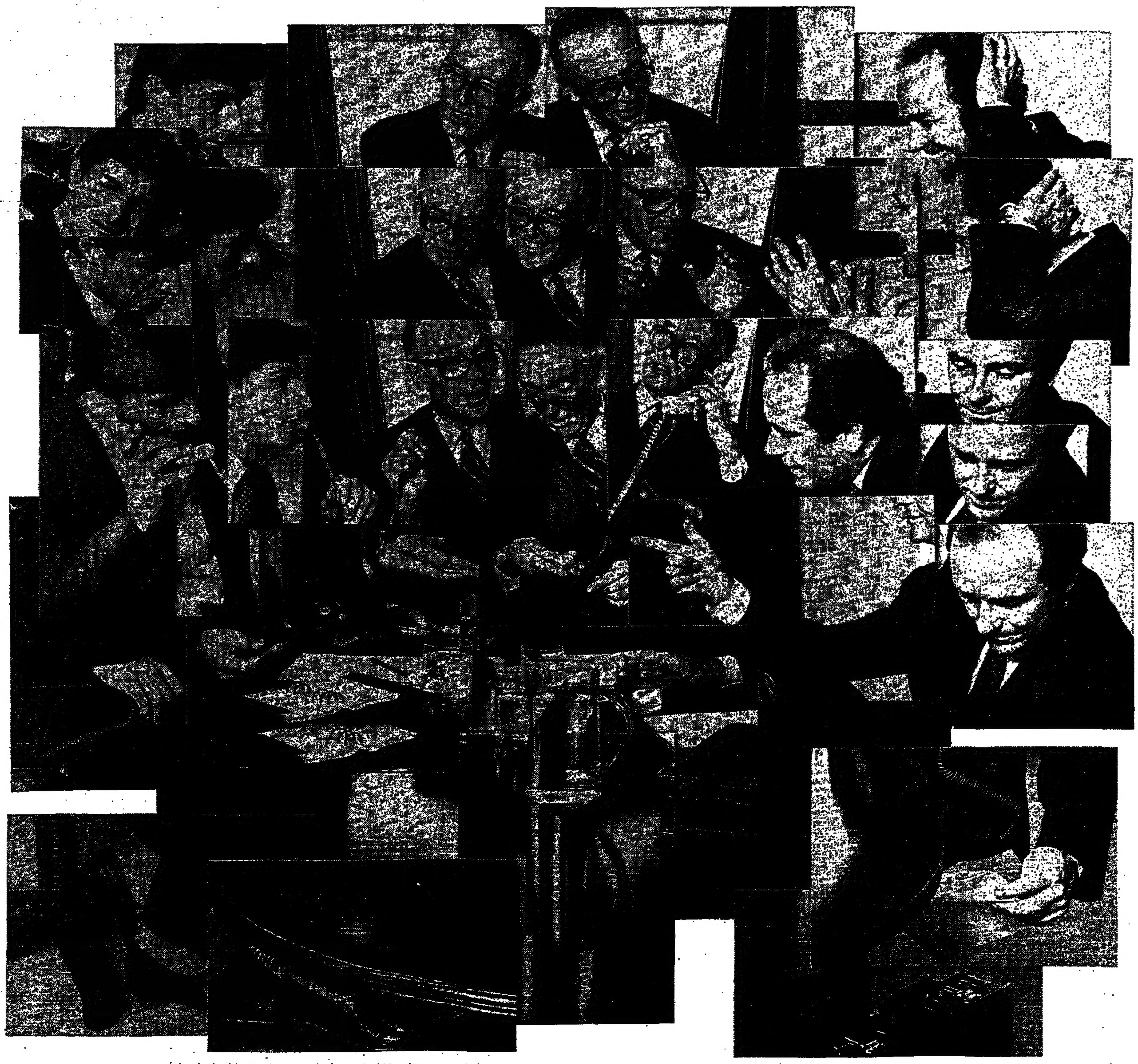
It will release your company's best minds for greater productive thinking. It will exploit the reservoir of information, so often a company's most underused but precious asset. It will help your organisation adapt to change. Ultimately it will add to your competitive edge. Simply call 0800 010766 to arrange a consultant's visit.

Why? Because the Office According to Rank Xerox is not only the most complete office system.

It is also the most human.

***The office according to Rank Xerox.***

# *According to Rank Xerox, an office system can only help people think, if it begins by thinking about people.*



# Tories to pledge more choice in public services

BY PETER RIDDELL, POLITICAL EDITOR

PROPOSALS to increase consumer choice across a wide range of public services will be unveiled this week at the Conservative Party conference in Blackpool as Mrs Margaret Thatcher and senior ministers seek to show that the Government is maintaining its radical momentum.

A series of ministerial announcements has been planned, notably in the areas of education, housing, electricity privatisation, sentencing policy, rates reform and the inner cities.

The central theme of the conference, starting tomorrow, will be to show what the Government has already achieved since its re-election last June and its future plans.

Mrs Thatcher, who is assured of a rapturous reception for her major address on Friday, is expected to stress how much more the Government still has to do, particularly to increase consumer and individual choice in the public services.

This point was highlighted yesterday by Mr Norman Tebbit, the Conservative Party chairman, during a BBC interview, following a call by Mr John Biffen, the former leader of the Commons, for consolidation and the preservation of what has been achieved

Mr Tebbit dismissed Mr Biffen's call for a "quiet life" which, he said, presumed that "everything is all right."

The announcements are expected to include:

- Details of further City Technology Colleges and of school reforms.
- Emphasis on customer protection in electricity privatisation.
- More refined targetting of industrial assistance.
- Tougher sentencing policy and expansion of crime prevention.
- New approach on homelessness and revival of private renting.

Reforms to continue, Page 10

# Cable TV may be 'broadcast' to overcome slow progress

BY RAYMOND SNODDY

THE CABLE Authority, the body which regulates cable television in the UK, has decided to ask the Government to allow cable television programmes to be 'broadcast' by local microwave transmitters in future.

The decision has been taken because of concern at the slow progress of cable television in the UK. More than four years after the launch of modern multichannel cable in the UK, only nine of the 21 franchises so far awarded are operational. Fewer than 200,000 homes subscribe to cable in the UK and that figure includes old television relay systems which offer only four channels.

The Cable Authority has now decided to back Multi-microwave distribution systems (MMDS) in the hope of breaking the financial log jam holding back the development of cable.

MMDS allows the broadcasting of between 10 and 12 channels of television over a radius of several miles to special aerials on individual homes.

The authority will argue that MMDS should only be allowed in cable television franchises and that time limits should be imposed on its use so that it is eventually replaced by a full cable network.

In the past the Cable Authority has rejected pleas from cable operators to use MMDS because of the danger that it would become a substitute for the expensive business of digging up the streets and laying cable networks. The authority has now changed its mind because of what it sees as the need to stimulate cable development.

MMDS allows an operator to reach almost all of his market from the first day rather than the four or five years it takes to build a network. The improved stream of revenue, it is argued, would reduce the high capital requirements of cable franchises.

# Review 'may be last chance for unions'

BY PHILIP BASSETT, LABOUR EDITOR

THE Trades Union Congress's forthcoming review of trade union organisation and practices has to succeed - because the unions may not get another chance to save themselves, according to Mr Norman Willis, TUC general secretary.

Speaking at the weekend for the first time publicly since the TUC Congress last month decided to set up a review of trade unionism, Mr Willis stressed the difficulties facing unions and the importance of union services and union identification with companies' problems.

He said unions had to reach out to the majority of workers not only who were not members, but most of whom had never had a union card.

Strikes were still fixed firmly at the centre of people's image of unions. He said: "Too frequently, in asserting the importance of the ultimate right to strike we have allowed the impression to be created that strikes are our *preferred* option."

# Lloyds will launch mass market credit card

By Hugo Dixon

LLOYDS BANK is to launch a mass market debit card next year which will be used to buy goods in shops without cash. The move is likely to prove highly controversial as Lloyds has chosen to stamp the card with the Visa logo.

Lloyds will be the first British bank to become a member of both Visa and Access, Britain's two rival credit card companies.

Its decision to issue a debit card under a logo which is normally used for credit cards will undermine the nationwide electronic cashless shopping scheme that Britain's retail banks are working together on. It could also cause friction with retailers.

Debit cards are like credit cards except that money spent with them is debited immediately to a customer's bank account.

They will also be used to buy goods without cash, cheques or paper vouchers when more electronic terminals are installed in Britain's shops.

# London chartered surveyors expand into US market

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

DRIVERS JONAS, the London-based chartered surveyors, is expanding into the US through the purchase of a stake in Economic Research Associates.

The move marks a further stage in the realignment of surveying practices, specialising in commercial property, as they face growing competition from financial institutions.

Deregulation in the City of London has brought surveyors into direct contact with the capital markets but has also opened up the way for incursions into what was once privileged territory.

In an attempt to bolster its competitive position and provide an extra stream of revenue, Drivers Jonas has both reorganised the internal workings of its partnership and decided on geographical expansion.

It is paying an undisclosed sum for a 45 per cent share of Economic Research Associates, a consultancy rather than a broking company that should provide in the future 20 per cent of the profits of the enlarged practice.

The fact that Drivers Jonas is paying cash, in the view of Mr Christoper Jonas, the managing partner, "adds credence to the notion of independent ownership" of surveying practices. "You don't need a listing for that," he said.

This reflects the debate among chartered surveyors about future organisation of their practices. Drivers Jonas is intent on remaining a traditonal partnership but others have obtained listings - Baker Harris Saunders, Sinclair Goldsmith, Fletcher King and Debenham Tewson and Chinnocks - in order to gain access to additional capital for expansion.

Others still have incorporated, in the belief that orthodox corporate management structures provide greater efficiency.

The Drivers Jonas-Economics Research Associates venture in the US will be offering independent professional services. It will not be competing with US companies, or indeed other British practices, in the buying and selling of property.

# Cable Authority to back programme 'broadcasts'

BY RAYMOND SNODDY

THE CABLE Authority has decided to ask the Government to allow cable television programmes to be "broadcast" by local microwave transmitters in future.

The decision, which marks a significant policy turnaround for the industry, has been taken because of concern at the slow progress of cable television in the UK. More than four years after the launch of modern multi-channel cable in the UK only nine of the 21 franchises so far awarded are operational. Less than 200,000 homes subscribe to cable in the UK and the total includes old television relay systems which offer only four channels.

The Cable Authority, the body which regulates cable television in the UK, has decided to back MMDS (Multi-microwave distribution systems) in the hope of breaking the financial log jam holding back the development of cable.

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The authority has now changed its mind because of what it sees as the need to stimulate cable development.

MMDS allows operators to reach almost all of their markets from the first day rather than the four or five years it takes to build a network. The improved stream of revenue, it is argued, will reduce the high capital requirements of cable franchises - about £30m to lay cable to 100,000 homes. The Cable Authority will be informing Downing Street, the Home Office and the Department of Trade and Industry of its decision later this week.

The use of MMDS for cable would involve technical and regulatory difficulties. The frequencies involved are held by the Ministry of Defence and much of the necessary equipment is not yet available.

In backing MMDS the Cable Authority is responding to the Cable Television Association, the industry's trade body.

At the recent 10 Downing Street seminar on the future of broadcasting, Mr Nicolas Mellersh, director of the Association, argued in favour of the use of MMDS for cable, pointing out that it would also bring extra choice to rural areas which might never be cabled.

"The one caveat is that it would be unwise to introduce MMDS in competition with cable, for both systems would be likely to perish. The geographic monopoly of the operator needs to be preserved at least for the foreseeable future," Mr Mellersh believes.

# US group quits teletext plan

BY RAYMOND SNODDY

TELEMET, the pioneer of radio teletext services in the US, has pulled out of plans to launch a similiar service carrying up-to-date financial information in London.

In November the Independent Broadcasting Authority awarded one of two radio teletext franchises in London to a joint venture in which Telemet and Case, the UK computer services company, were the major shareholders.

But Mr John Aylott, a Case director, said yesterday: "Our partner in the race did not run."

The IBA decided that there had been unacceptable delays in implementing the service and has now readvertised the franchise.

The other radio teletext contractor for the London area, Independent Radio Features, jointly owned by Telerate UK and the London Broadcasting Company, began operation in April.

The two IBA radio teletext services envisage broadcasting digital information on the back of the independent local radio signal to subscribers who have a unit which displays the information - such as share price changes - in visual form.

One possibility is that Case will reapply for the franchise with a new partner.

# Pergamon buys software supplier

By Peter Marsh

PERGAMON PRESS, the specialist book and electronic-publishing company controlled by Mr Robert Maxwell, has paid \$59m(£36.6m ) in cash for Molecular Design, a leading California-based supplier of computerised information techniques for the chemicals industry.

Mr Maxwell said today's acquisition announcement 'reinforces the group's (Pergamon's) strategy to exploit the new dimension of growth afforded by electronic publishing and worldwide on-line services.'

The book and electronic-publishing activities of Pergamon, together with Molecular Design, are due to be subsumed by the end of the year in Mr Maxwell's British Printing and Communication Corporation.

Molecular Design, based in San Leandro, was formed in 1978 and has annual sales of about \$12m. The company, with a workforce of 130, specialises in software systems used in chemicals and pharmaceuticals research.

The programs enable scientists to compile information about the synthesis of new materials, drawing on results of work already written about in journals or research being undertaken by colleagues in the same company or laboratory.

Molecular Design's customers include many big chemicals companies, including Glaxo, ICI, Kodak, Dupont, Hoechst, BASF, Mitsubishi and Takeda.

# City fliers 'putting job satisfaction before cash'

By Philip Bassett, Labour Editor

CITY HIGH FLIERS are now joining companies which can offer more than just good pay and status - an image of success and real responsibilities, a City bank's personnel director said today.

Big money and flashy cars are no longer enough to attract the best business performers, according to Ms Kathryn Riley, personnel director of County NatWest, the newly-formed investment bank which employed 1,000 staff last year.

Writing in Personnel Management magazine on 'Recruiting and Retaining the Quality Yuppie' - Ms Riley says that "many people see the City of London as the headquarters of yuppiedom and believe the City yuppie drives a Porsche, lives in Docklands, earns 'serious money' and has a good lifestyle."

While acknowledging the accuracy of this for some, she says that trading desks employ a mixture of people and those "with the necessary market skills and experience are in short supply and as a result they command high rewards."

But she insists that for many City companies, "attracting the upwardly mobile professional has not been easy." Many are demanding early recognition.

She says that they are concerned with building personal marketability, which will ensure them rapid rewards and the ability to change jobs easily if they are blocked in their current one."

Based on County NatWest's experience, Ms Riley says that money is important, but not the only factor: "Today the high achiever wants a stake in the business; before it was the Porsche that was the attraction, now it is the share option plan."

# Bank branch numbers fall

CLEARING BANKS are continuing to close down branches while their main competitors, the building societies, are opening them. But as the total number of financial institutions' branches is falling.

According to the annual survey by Noel Alexander Associates, the London consultancy firm, the nine London and Scottish clearing banks had 12,112 branches at the end of 1986, down from 12,310

David Buchan reports on possible defence spending cuts

# MoD under attack from Treasury

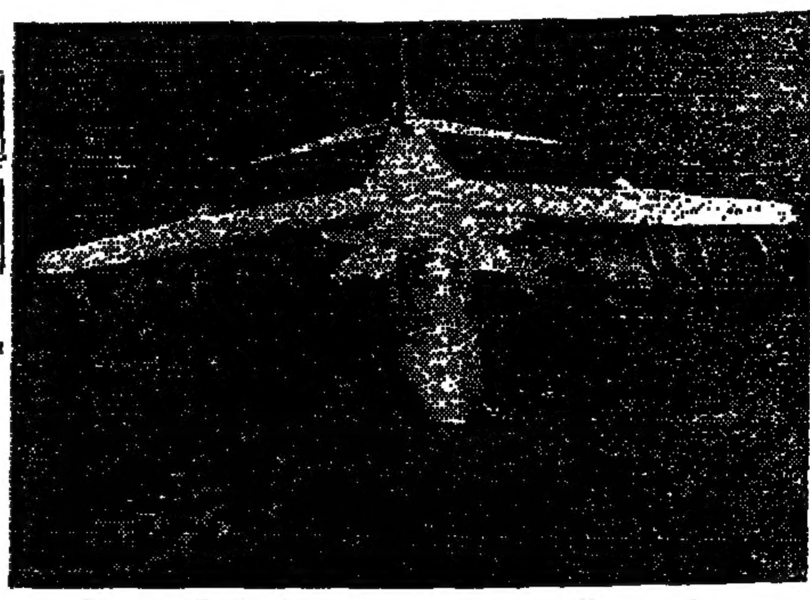
THE MINISTRY of Defence is having to consider a wide range of possible economies, including spinning out frigate orders, postponing the modernisation of navy helicopters' radar and buying fewer Harrier jets and army rocket launchers than planned, if it cannot get a budget increase from the Treasury.

Mr George Younger, the Defence Secretary, therefore may be relieved to have to face the defence-minded rank and file of his party in the Tory conference defence debate on Tuesday - before he has to announce any of the cuts that seem increasingly inevitable.

The Defence Secretary is likely to heap ridicule on the Labour Party's splits over nuclear weapons, and may be able to buoy Tory spirits by announcing an invitation for shipyards to tender for a new batch of frigates or by disclosing the imminent signature of the contract for the second Trident submarine with Vickers Shipbuilding and Engineering (VSEL).

But away from the Blackpool platform, Mr Younger is waging an uphill struggle with the Treasury to accommodate the cost of new defence equipment within a budget that cannot fully cover old commitments.

The nub of the problem, MoD officials say, is that last year the ministry was forced to accept an overall real-terms cut of 6 per cent in defence spending during 1987-89, with a levelling out in 1989-90. However, perhaps hoping to re-fight the battle another day, it did not follow this up with commensurate cuts in individual equipment programmes.



New Harrier GR5: possible victim of expenditure review

In the current public expenditure review that Mr John Major, the Financial Secretary to the Treasury, is holding with individual departments, the MoD is arguing strongly for a much smaller cut than the 6 per cent it agreed to earlier. But Mr Major, though conducting his first expenditure review, "is proving no pushover," says one MoD offical.

So, because it saved only a small amount of money last year by cancelling blueprint work on an anti-armour weapon, abandoning a sonar refit for a few frigates and delaying purchase of some Tornados by a couple of years, the MoD programme-pruners are now having to think bigger. Their thoughts include:

- Delaying the £30m radar modernisation contract for navy Lynx helicopters which were competed for by Ferranti and MEL during the past two years.
- Ordering Type 23 anti-submarine frigates at a rate which will dismay both the yards and the navy. Of the four Type 23s ordered so far, Yarrow got three and Swan Hunter one.
- Buying fewer than planned of the ground-attack Harrier GR5 jet made by British Aerospace and McDonnell Douglas of the US. Mr Younger had said that a decision would be made by the end of 1986 on how many more Harrier GR5s to buy beyond the 60 contracted for delivery to the RAF between 1987 and 1992. That decision has still to be made. Originally a second batch of 36 jets was planned.
- Forgoing purchase of a long-range mine-scattering version of the Multiple Launch Rocket System (MLRS) which the UK and three other European countries are producing along with the US. The basic artillery rocket version of MLRS was first test fired in the UK last April and will go to equip three regiments, but the MoD say a decision whether to buy the mine-scattering version is only due this December. Several UK firms are subcontractors

If it is the equipment part of the budget that is feeling the strain, it is also that part that is causing the strain. The general economic factors that affect defence spending, excluding service pay, have been pretty constant, and indeed favourable. The strength of the pound against the dollar has made equipment purchases, chiefly for the navy (Trident missiles) and the air force, relatively cheaper; stability of the pound against the D-Mark has kept the British Army of the Rhine's operating costs steady. The price of oil has also remained steady.

Part of the squeeze is cost overruns on existing programmes. Indeed the bill for the failure of the Nimrod radar project last year is still coming in with a decision required by the end of this month on whether the UK can afford two more Awacs aircraft to supplement the six it has already signed for.

# More housing cash urged

BY ANDREW TAYLOR

GOVERNMENT SPENDING on public-sector housing will need to rise in the short term in spite of plans to raise more money for rented housing from the private sector, the Conservative-controlled Association of District Councils said today.

A report published by the Association claims that a public or "social sector" building programme of up to 162,000 new homes a year is needed to reduce homelessness and cut local authority housing waiting-lists.

The report comes less than a week after the publication of a Government White Paper which proposed to revitalise the rented housing market by deregulating private sector rents, giving council tenants the right to switch landlords and by reducing the role of local authorities as housing providers.

Lady Elizabeth Anson, chairman of the Association's Housing and Environmental Health Committee, said: "The Government plans to revive the private rented sector will take time to come to fruition and there is a need in the interim for the gap to be filled."

The report says that district councils have just as great a problem finding accommodation for the homeless and those on waiting lists as metropolitan authorities. In some cases, particularly in rural areas, the problems can be even greater.

The rise in house prices in many rural centres in the southern part of Britain meant that many people were unable to afford to own their own homes and had been forced into rented accommodation, says the report, which was prepared by the University of Bristol's school for advanced urban studies.

- British housebuilders this summer have failed to match up to the pace they set earlier in the year when the number of new homes started reached the highest level for 15 years.

In spite of the slower pace the number of private homes started by builders during the first eight months of this year rose to 124,200.

*Housing needs in non-Metropolitan areas. Association of District Councils, 9 Buckingham Gate, London SW1. £20*

# BA to hire extra cabin crew

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is starting a recruitment drive to hire 435 cabin crew to meet the anticipated demand imposed by rising traffic during the coming winter and next summer.

The airline will give preference to employees working in the airline who wish to become part of the flying staff.

British Airways also intends to keep the present retirement age for pilots at 55, rather than raise it to 60.

Mr Colin Barnes, director of flight crew, said in the British Airways staff newspaper that raising pilots' retirement age would dismay younger, senior first officers who had waited longer for their commands than any co-pilots in the last 50 years.

# How it took me just one day to acquire a super-powerful umm...err...

"I remember you!" I said. "You're Sid Hyde from Cockermouth! You're a game breeder, aren't you? And how's your wife Shirley getting on these days?"

"I'm not Sid Hyde," came the reply.

"Oh. Well in that case, you're surely from Sidmouth! You're getting cock-eyed, aren't you? And how's your breeding wife these days — on the game?"

That wasn't right either — and I've still got the bruises to prove it.

I don't know, my memory has always been terrible.

I can't remember what I was doing when I heard the news about JFK. (Though strangely enough, I'm the only person I know who can remember when a similar thing happened to old Ronnie.)

There have been times when I've had to sing 'Happy Birthday' to myself to be able to remember my own first name.

And as for the words of other songs — well, I couldn't even remember I was a Womble.

It's not as if I haven't tried to do something about my memory.

I've tried pneumonics.

I've tried tying knots in hankies — but that only ever reminds me of holidays on the beach at Bognor.

I've even tried rhyming word-associations. I thought I'd easily be able to remember our M.D. was called Potter, as he can often be a rotter — but the next time I saw him, I called him Mr Sarstedt.

The other day, though, I finally discovered a sure-fire way to acquire an instant power-packed memory when this chap told me all about the new....damn, I've forgotten its name. Hang on a minute, it'll come to me.

## The all-new Epson★ doodah.

"The TROUBLE with YOU," the man said, "is that YOU are using ONLY ONE-TENTH of your BRAIN POWER!"

"There's no need to shout," I said, but he took no notice.

"Do you SINCERELY want a SUPER-POWER MEMORY? Do you TRULY want to BANISH INADEQUACY for EVER? Then YOU need the AMAZING new EPSON PC AX40/80!"

Ah yes, that was it, the PC AX40/80. What a memorable little name.

"It will give YOU a POWERFUL 'filing-cabinet' MEMORY that you NEVER thought POSSIBLE, with 40 or 80 MEGABYTES of HARD disk storage, a 1.2Mb FLOPPY disk drive and a 640K RAM!

"YOU need NEVER forget again! FACTS and FIGURES will be INDELIBLY PRINTED on your MEMORY! Your WHOLE LIFE will be TRANSFORMED as if by MAGIC!"

### Things you could store in the Epson PC AX40/80

- ★ Departmental files
- ★ Miscellaneous data
- ★ Special programmes
- ★ Business letters, names and addresses
- ★ Company records for the last fiscal year
- ★★ Snowfall records for the last 100 years
- ★★★★★ Nice hotels to stay at
- ★★★★★ y, anything you like, really

## Impress others with the size of your doodah.

"The PC AX40/80 can ALSO make you FABULOUSLY POPULAR and SUCCESSFUL at work!" he went on.

"Because it is so POWERFUL, it can act as the HEART of a WHOLE NETWORK of PCs!

"When other PC users in YOUR company find out about your MEGA-MEMORY, they are all SURE to want to draw on it THEMSELVES through their terminals — which means that YOU will become the CENTRE of ATTENTION and the ENVY of your RIVALS overnight, even if you have HALITOSIS of the ENTIRE BODY!"

I tried to remember the last time I'd had a bath.

"Yet AMAZINGLY, that's NOT ALL! The PC AX40/80 gives YOU the POWER to DOMINATE EVERY SITUATION at WILL. (Just think about THAT!)

"This is because YOU have your VERY OWN SECURITY KEY to restrict access to those DEADLY SECRETS that YOU want to keep to YOURSELF. How's THAT for MUSCLE?"

## The amazing experience of Robert Thingy.

### WHAT SOME OTHER PEOPLE SAID

The PC AX40/80 works best as the centre of a PC network — so Robert asked others in his office who have access to it for their views.

"It's excellent! It's so easy to call up the information you need from the files. I wish I had come upon it years ago."
— Bignose, who sits by the rubber plant.

"You can exchange data and share resources with other PCs via the AX. To say I am thrilled would be an understatement!"
— Ah, now I know his name, it's.... no, it's gone again.

"With the power of the new PC AX40/80, I find I can do my day's work more quickly and with far less effort than before."
— Old What's-her-name in the corner with the acrylic jumper and the mohair face.

"I am astonished to find such power available for so reasonable a price. Keep up the good work, Epson, I say!"
— Oh, you know, him with the irritating personal habits — 'Scratch 'n' sniff', they call him.

"Epson? Isn't that where they run the Derby?"
— That's my boy!

## Something or other about mega-widgets.

"This sounds all very well," I said, "but just how long does it take to get the hang of this AC P0X0 48 or whatever it's called?"

"YOU can take it from ME, Robert," he said, "YOU can MASTER the PC AX40/80 ASTONISHINGLY QUICKLY, RAPIDLY and FAST. This is because it's EASY, SIMPLE and NOT VERY HARD AT ALL to use!

"In fact, YOU can learn the basics in LESS than ONE DAY!

"Even if your typing speed is usually measured in MINUTES PER WORD rather than the other way round, YOU will find the new AT-STYLE KEYBOARD 'easier-than-heck' to work on. Yes, HONESTLY!

"And when you HAVE got going, the LIGHTNING SPEEDS of the PC AX40/80 (10, 8 and 6 MEGAHERTZ) enable YOU to recall the MOST OBSCURE FACTS with 'hair-trigger' reactions.

"Just suppose YOU were asked WHO had invented the BRASSIERE. With the help of your NEW 'razor-sharp' MEMORY, YOU would be able to reply AT ONCE, and with TOTAL CONFIDENCE, 'Why, OTTO TITZLING, of course!'"

"WOW! That's AMAZING!!" I said. There, he'd got me at it now.

"But WAIT!" he continued. "I can tell YOU'RE now thinking, 'Wouldn't it be GREAT if this MEMORY had the POTENTIAL to KEEP GROWING?'"

Actually, I was still trying desperately to memorize the bit about Otto and his invention for future reference, but I let him carry on anyway.

"Well, this is EXACTLY what the PC AX40/80 can do! The door to DYNAMIC GROWTH is WIDE OPEN, with NINE expansion slots, an extra 360K FLOPPY disk drive available and a MAXIMUM POSSIBLE RAM of 15.5 MEGABYTES!

"In addition, it is 'super-compatible' with all standard PCs, SOFTWARE, MONITORS, GRAPHICS PACKAGES and even the MICROSOFT OS/2 SYSTEM which ISN'T EVEN ON THE MARKET YET! What a MIRACLE!"

## Sorry, can't remember what this subhead was going to say.

"And INCREDIBLY, that's STILL not all!" he shrieked.

I wish he hadn't. All these CAPITAL LETTERS were starting to give me a headache.

"Because the PC AX40/80 comes from EPSON, you KNOW it must be FANTASTICALLY RELIABLE. It has been TESTED and PROVEN during MONTHS of 'in-depth' RESEARCH. It really WORKS! And that's the UNCONDITIONAL EPSON GUARANTEE to YOU!

"In fact, if after just ONE DAY you are NOT completely satisfied that it has improved your POWERS OF RECALL beyond ALL RECOGNITION, you CAN'T have taken it out of the BOX yet."

## ★YES, YOU CAN

- Store long and interesting lists of data!
- Be the heart of a PC network, enabling others to share resources and information!
- Allow other PC users access to your files!
- Stop them from seeing confidential files by using your security keylock!
- Increase your personal efficiency!
- Juggle with three burning torches while riding a unicycle and wearing a Tarzan outfit!*

* Not strictly speaking anything to do with the PC AX40/80, and it takes a bit of practice, but it is impressive when you've cracked it.

"So how much does this thingumajig cost, then?" I asked before I forgot.

"Well, in relation to its PERFORMANCE, a MODEST SUM that makes it a VERY WISE INVESTMENT indeed."

"LOOK, HOW MUCH EXACTLY?"

"ASTONISHING but TRUE — just £2299 for the PC AX40 and £3199 for the PC AX80 (both RRPs exc. VAT)! So DON'T DELAY, BUY TODAY!!"

## The last bit.

Well, I did go and buy a whatsit straight away (I got the chap to write the name down for me) — and it has certainly paid dividends.

True, my own memory is still as poor as.....er, well, as something not very good, anyway — but at least when I'm in the office, I can now recall strings of facts and figures instantly with the aid of this machine. (Even old Sarstedt has noticed the difference since I acquired this new 'super-memory'.)

And if this solution can work for me, it must work for you too.

I'd hate to see you miss out — so send off the priority coupon below for more information on this and the other computers in the new Epson range whose names escape me for the time being, to: Epson (U.K.) Limited, Freepost, Birmingham B37 5BR. (Alternatively, call up Prestel *280# or ring 0800 289622 free of charge.)

SEND NO MONEY — the details are not only absolutely FREE, but they won't cost you a penny either. No threatening apes will call.

And remember, you have nothing to lose. As they always say, 'Nothing ventured — gone tomorrow' (or something like that, anyway).

### YOUR TOP-PRIORITY NO-RISK NO-OBLIGATION BIODEGRADABLE ORDER COUPON.

**YES,** I'm interested in this new 'super-powerful' PC whatever-it-is-you-call-it. Please rush me further details in my very own personalised 100%-paper envelope before I forget all about it. I understand that if I am misguided enough not to buy one; I may keep my Teflon memory and owe nothing.

Name ____________________

Position ____________________

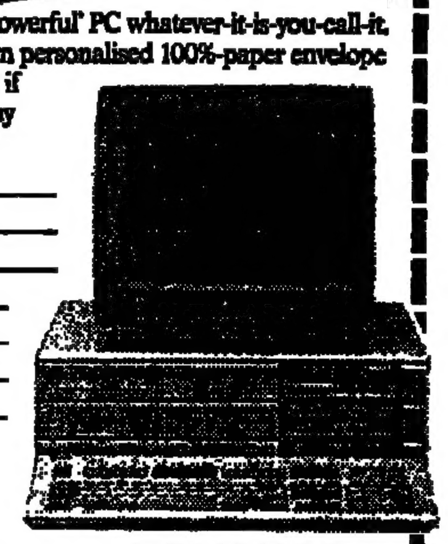
Company ____________________

Address ____________________

____________________

____________________

Telephone ____________________



ATTACH NO STAMP*

* (Unless you've got a blue 1-peso Colombian special-issue from 1964, as George in the mailroom has been after one of those for ages.)

EPSON

# Tebbit promises Tory reforms will continue

BY PETER RIDDELL, POLITICAL EDITOR

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday promised a continuing programme of reform, while presenting himself as spokesman for the "mild and bitter set" rather than the "cocktail set."

Offering some characteristically forthright thoughts on politics and life, he said it was "very unlikely" he would return to the Government, though he was not yet sure when he would be resigning as party chairman.

He was speaking on the eve of the Conservative Party conference in Blackpool on the BBC's This Week, Next Week programme.

Mr Tebbit rejected the view of Mr John Biffen, the former Leader of the Commons, that the Government should consolidate since it could not "keep up the pace of endless reform for a decade." Mr Tebbit described this as the "quiet life" view and said people demanded change in council housing and schools, so there was need for further reform.

One of his central themes was the changed social balance in the Cabinet and Conservative Party towards non-public school and non-university people like himself. He said the party had changed "for good, and for the better."

Significantly, he volunteered the name of Mr John Major, the Chief Secretary to the Treasury, as someone representing and carrying on his viewpoint. Mr Major, only promoted to the Cabinet in June, is seen as one of the coming men of the Government, backed by both traditionalists and radicals.

Mr Tebbit, who offered himself as the spokesman for the man in the public bar, said the family values of working-class people had held up better than the "permissive wave of the 1960s", the approach of the "Holland Park or cocktail set."

Asked about changes in tabloid newspapers, he drew a parallel between the person who liked to look at a "page three girl" and someone who went to an art gallery to see a painting of a nude.

He said the chap in the public bar was not passionately interested in politics, did not personally want to serve on committees, but wanted to see somebody else running schools and other bodies competently. What the ordinary man wanted was the ability either to elect people, or personal choice.

On his own future, Mr Tebbit said twice that it was "very unlikely" that he would return to Government. He had resigned for personal reasons and was not interested in becoming prime minister, which he described as a "lousy job." He would be "happy and satisfied" provided the country was well-governed.

Of his position as party chairman, Mr Tebbit said it was a question of when it would be the right time to replace him.

He was "absolutely certain" he would not be chairman by the time of the next election, although there was a choice about whether it was better for him to undertake some of the necessary changes in the party organisation or whether someone else should become chairman "relatively soon."

Mr Tebbit said one or two weaknesses had been shown up in Conservative Central Office during the election campaign. He also admitted there was always tension between different parts of the party, such as the central organisation, the voluntary party and the Prime Minister.

Norman Tebbit: rejects the 'quiet life' view

# Party leaders receive barrage of advice on eve of conference

BY OUR POLITICAL EDITOR

PROPOSALS ranging from health vouchers to the establishment of a ministry of leisure are included in a barrage of advice for the Conservative Party leadership on the eve of its annual conference in Blackpool starting tomorrow.

The general tone is supportive, rather than critical, urging more radical action in a variety of fields.

In a pamphlet, entitled "The Next Frontier", published by the free-market Selsdon Group, Sir Rhodes Boyson, the former minister, argues for the denationalisation of much of the welfare state.

He says socialism is just as unlikely to work there as it is in industry.

In particular he argues that "if the Government granted health care for all through a health voucher which could be cashed through compulsory health insurance companies, like car insurance, then competing companies would ensure the patient got value for money."

In its annual letter to the Prime Minister, the Bow Group, a research and discussion body of Tory graduates, urges the creation of a ministry of leisure as a priority, since leisure takes a growing proportion of the current consumer boom and is covered by several departments.

Miss Cheryl Gillan, the group's chairman, also suggests an increase in government spending to support research and development in industry and universities.

She also calls for clarification of government policy on the taxation of married couples.

She argues that "it is incongruous that, as a party so concerned with the family, we should still permit taxation provisions which are a positive financial disincentive to marriage, namely the mortgage relief arrangements."

Miss Gillan says that a move to increase the present £30,000 upper limit on tax relief would be widely welcomed.

In addition, she argues that inheritance and capital gains tax should be reassessed.

● Dr John Alderdice has been elected leader of the Alliance Party in Northern Ireland.

Dr Alderdice, 32, a little known figure in politics, scored a comfortable victory over his sole rival, Mr Seamus Close, at a weekend meeting of the Alliance Council in Bangor, County Down.

**THE CONSERVATIVE leadership is denying its party members democracy, the Charter Movement, a ginger group seeking greater internal accountability warns.**

**"Now is the time to end the Nanny Party, just as we are ending the Nanny State," the group says. It feels it is "hypocritical" that the rights of effective participation, democracy and choice are being denied to members, while being an essential plank of party policy for the country as a whole. This destroys "the moral basis of government reforms."**

# Poll tax 'a threat to personal privacy'

BY RICHARD EVANS

THE WAY in which the proposed community charge or poll tax will be administered and enforced will pose serious threats to privacy and create the potential for greater control by central and local government over the individual, the National Council for Civil Liberties warns.

In a report on the implications of the poll tax published today, the NCCL argues that the conflict between maximising revenues of the tax and protecting civil liberties may be irreconcilable.

If the Government proceeds with the proposal, substantial safeguards should be embodied in the legislation, it adds.

The ways in which the Government's proposals could threaten privacy, according to the NCCL, include the methods to be used to collect the personal information on which the register would be based; the sources of the information; the implications for democracy of the use of names from the electoral register; and the likely lack of access by individuals to all the information held on them.

So far, it is argued, there is no safeguard in the legislation or in the Data Protection Act which would prevent unnecessary information being included on the register.

Potential sources of information could include the rent rolls of housing bodies, housing waiting lists and benefit records, the register of births, marriages and deaths, education authority records, data from national utilities like gas, electricity and telephone companies, insurance claims, and local estate agents.

"If the public became aware that local government officials were collecting information from these sources - some of them holding highly sensitive personal details - we believe they would be extremely alarmed," says the report.

The use of local authority files as a source of information was one cause for concern, but the use of the electoral register and the door to door canvass also posed threats to civil liberties.

"As the most complete list of the local adult population, the electoral register is an obvious source of information for the register. But the implications for local democracy are clear. Those seeking to evade the tax will not register to vote for fear of detection....thus a potentially significant section of the local community will be disenfranchised, surely an undesirable outcome by any standards."

The NCCL is apprehensive that the implementation of the poll tax proposals would mean the creation of a complete list of the names and addresses of the whole adult population.

While the Government insisted that each list would be kept separately by each local authority, "there will be strong arguments to maximise efficiency for making the data in all the registers compatible to facilitate transfers between them when people move."

One way of facilitating this would be to allocate everyone a "personal identifier" using an encoding of the surname, initials and date of birth.

"This proposal must raise fears that a national data base could be established on the whole population as this would become feasible if each adult had such an identity tag," the report warns.

Among the recommendations made are the inclusion of a number of safeguards in the legislation, including a pledge that no population data base will be created, the exclusion of the electoral register as a source of information, and severe restrictions on the kinds of information that could be transferred between local authority departments.

# Labour warned against defence policy switch

BY PHILIP BASSETT, LABOUR EDITOR

LABOUR Party leaders were warned at the weekend by the party's largest affiliated union, the TGWU transport workers, not to abandon the party's policies in the forthcoming review - especially on defence.

Mr Ron Todd, general secretary of the TGWU, which has 1.25m Labour conference votes, told a conference in London organised by the south east region of the TUC that he had advocated privately to Labour leaders before and during the election that the party should not try to hide its defence policy in the belief that doing so would increase its electability.

Giving the Labour leadership a clear warning about the policy review, he said: "I believe we should not be talking now, as some people are, of turning round some of these policies so that people say they are happier with that."

He asked what he was to do if members in the TGWU said they no longer were in favour of unilateral nuclear disarmament: "What do I say in my union ? That we will call a meeting of the executive, and we will change that, and then say - anything else you don't like?"

Mr Todd warned Labour that "if you go down that road you are going down the road of throwing away everything we have ever believed in."

He urged Labour leaders not to make policy statements without properly consulting union leaders first, and though he made it clear he did not reject the idea of Labour backing wider share ownership, he said it should be linked to union proxy voting within companies, to provide a collective voice, as the unions are trying to do within the privatised British Airways.

Speaking at the same conference, Mr Michael Meacher, Labour's employment spokesman, sharply attacked his "illustrious colleagues" in the Labour Party for advocating share ownership.

In what was taken to be a thinly-veiled criticism of Mr Bryan Gould, Labour's industry spokesman, Mr Meacher said of employee shareholding: "I have never believed that that was an adequate alternative to real industrial democracy." All aspects of management operations should be the subject of collective bargaining.

# Last year's trade account 'possibly in large surplus'

BY TERRY BYLAND

THE UK current trading account with the rest of the world was possibly in "large surplus" last year, argues Mr John Young, an international economic at Lloyds Bank, in the latest edition of the bank's International Financial Outlook.

He says that the £980m deficit on the current account for 1986 included a balancing item of £11.7bn, substantially increased from a similar item of only £1.4bn as recently as 1983.

Discussing the more recent balance of payments figures from the UK, he comments that the record defict of £929m for August incorporated factors unlikely to be repeated in the remaining months of the year. The August figures included, in particular, substantial increases in imports of semi-manufactured goods and of passenger cars.

Semi-manufactured imports reflected the jump in UK manufacturing activity to a rate unlikely to be sustained, while car imports were related to the introduction of the "E" registration prefix.

Nevertheless, Mr Young identifies a sharp rise in consumer goods imports and a fall in similar exports, as the significant factor behind the trade deterioration in August. Such trends give substance to the original forecast by the Treasury of a UK current account deficit of £2.5bn this year - a "modest deficit," which Mr Young believes should be easy to finance at double figure interest rates.

In the absence of upward pressures on interest rates, in spite of the query over the trade deficit and continued rapid growth in domestic credit, sterling is likely to hold firm against the dollar, even if some downward adjustment against the D-Mark is in prospect. The Lloyds review predicts that next September will see the pound at $1.75 and DM2.77.

# ICI chief visits Japan

BY KEVIN BROWN

MR DENYS HENDERSON, chairman of Imperial Chemical Industries, begins a significant promotional visit to Japan today in an effort to underline ICI's determination to expand in South East Asia.

Mr Henderson plans to address investors in Tokyo and will speak at an international chemistry symposium. He will also meet businessmen, scientists and government officials, and visit ICI installations.

He is expected to stress ICI's intention to establish a wider presence in the high-growth areas of Japan and South East Asia, to strengthen its claims to be the most international of the major chemical companies.

The visit was also being presented by ICI as an opportunity to educate Japanese investors about the company's growth strategy and strong dividend policy in relation to Japanese chemical companies.

Mr Henderson will make the company's first presentation to members of the Japanese financial community at a meeting organised jointly by ICI and Nomura, the leading investment house.

ICI said Mr Henderson would also open the first phase of the company's technical centre for the development of advanced materials at Tsukuba science park.

# The Tories' labour problem

JOHN LLOYD

HAVING decided not to wait until Conservative rule collapses under the weight of its own contradictions, the Labour Party has embarked on a voyage of discovery. Aboard the good ship Policy Review, it is seeking a land with contours that cannot, by definition, be known. This fact reduces to nonsense much of the posturing by left and right at Brighton last week round the definition of "true" or "traditional" socialism. Labour has a very broad aim: to create a more egalitarian society. Beyond that, policy review has no meaning unless everything is up for grabs.

The Conservatives, meeting in Blackpool tomorrow, have a quite different problem, but a problem nonetheless. This is to maintain and extend the momentum of "popular capitalism" when the problems and unresolved tensions which lie behind the rhetoric and reality of that crusade seem likely to pile up in their third term of government.

In other words, the state's relations with civil society, and in particular with the other sources of power in civil society, is top of the agenda for both Labour and the Government. How both deal with the problem will be critical for their future success—and in the case of the Labour Party, critical for its future.

For Labour, the question is this: can it reconstruct any kind of a corporatism which gives it, as Government, a planning mechanism, and gives the unions a partnership in which they can play a valuable, as opposed to a delaying or cosmetic part?

The corporatism, which Labour attempted in the 1970s was seen to fail. While the political reactions on left and right—Bennism and Thatcherism—were grossly overblown, it is a measure of the perceived depth of corporatism's failure that both were successful, at least for a time. They also recognised each other as ideologically-motivated movements.

Most of all corporatism failed because it did not find any agreed dynamic: because the three social partners—Government, business and labour—could come to a common set of assumptions about the ills of the economy but could not agree a way forward in which they would divide the responsibilities among them, corporatism, whether organised through the National Economic Development Council, the National Enterprise Board or any other forum, simply did not catch on at any but the formal and superficial level.

There is little point in apportioning the "blame" for this, even if you think the inability to develop a corporate culture is blameworthy. My own view is that the trade unions could have been brought into a state of readiness to be a corporatist partner (though with great difficulty and the price they would have wished to exact might always have been too high) but that business was never willing to play that game, never believing there was any need for it.

Now, as business is at once more powerfully and fully transnational and at the same time more disaggregated and decentralised and as trade unions are even less competent to play a full social partnership role, the chances of a future Labour government producing a convincing tripartite or corporate structure, which will convince the voters of the future that it is the economically rational party, seem remote.

But the cause may not be entirely lost. Both capital and the state need bargaining partners and are likely to need them for some time. Even the most liberalised and privatised of sectors, like contract cleaners, are finding that a life in which everybody continually undercuts everyone else's wage rate is not worth much—and an agreed floor of wages might be no bad thing. The unions are the obvious police force. Again, if the Labour revisionists are to join the Tory efficiency types in wanting consumer-oriented town halls—as both know—a new deal will have to be struck with the town hall unions—probably after they have been cowed by some redundancies and privatisations, or at least the threat of them.

This gives Labour, and the unions, an opening to advance a modest form of corporatism which, though shorn of the utopianism of the 1970s, still claims to be able to address the larger tasks facing late 20th century society. The condition of the labour force is no less important than it ever was—more, since almost none of it can be a barely-educated, badly housed and ill-nourished lumpen mass of unskilled labourers.

There is no call for such people, many of whom have borne the brunt of the restructuring of capital over the past decade. The labour force's education and training; its increased flexibility and adaptability; its greater willingness to innovate and to take responsibility—all of these need extending and deepening, and it is inconceivable that this can be done without the participation of the institutions—the unions which are still looked to by a majority of workers in manufacturing, the public sector and banking and finance as their organisers and protectors.

The base line of this new corporatism has to be efficiency and "producing the goods"—whether these goods be actual goods or services. It has not been so, in practice, at many times in the past. Now, as both Labour and the unions gingerly embrace the market—like the first kiss after the ceremony of an arranged marriage—there is scope for an agreement which is neither sterile nor doomed to shatter hopes.

What looks like an opportunity for Labour declares itself as a challenge to the Conservatives. A party which has championed laissez faire and individualism, and which has sought and still seeks to downgrade or even destroy such alternative centres of power as unions, local authorities (when "socialist") and education authorities in favour of a mixture of the individual and the central state, will find it hard to work with the bargaining partners it is likely to need in tackling the big projects. But in an intensely competitive world marketplace, advanced states will not succeed unless their governments constantly intervene to improve the physical, technical and human stock—a process which cannot be achieved, in the longer run, without negotiation.

It is round this issue that much of the debate within the Conservative Party is likely to centre—how far is it possible to push ahead with a new assault on welfarism on the basis that the Government and the individual provide all the dynamism? How far it is desirable that progress and real economic success be built on a network of agreements which amounts to a new consensus, albeit a Thatcherite-assisted one?

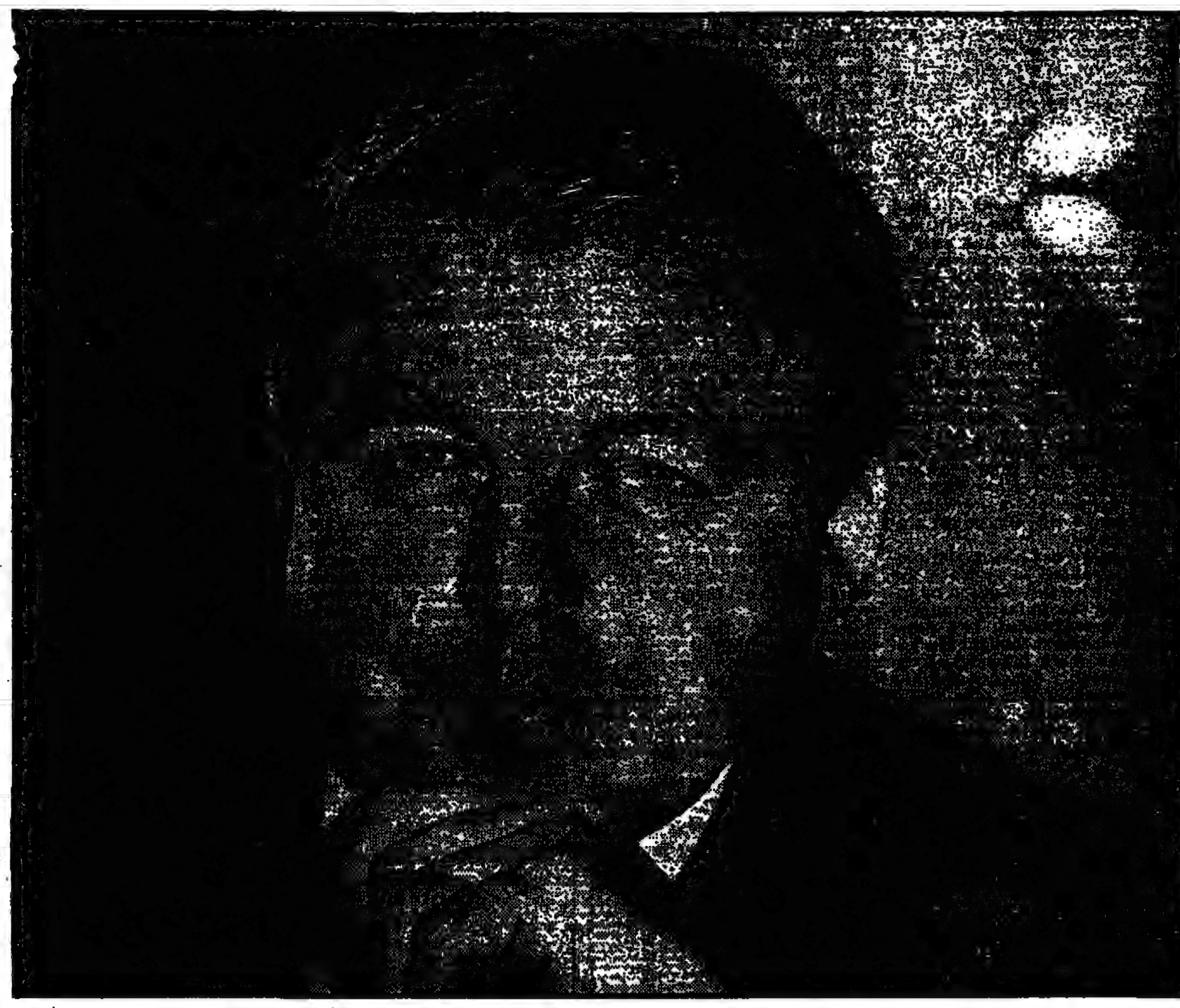
I suspect that pressures to compete in the world, allied to the internal political realities, will impel the Government towards he latter course.

*The author is editor, the New Statesman.*

INTERVIEW

# Beyond the consensus

**Judy Dempsey talks to Franz Vranitzky, the banker who is Austria's Socialist Chancellor**



FRANZ VRANITZKY is a cautious man. Like a banker—his old profession—he has to weigh up the economic costs of decisions. But for the Chancellor of a Socialist-led coalition Government, the political price is just as important. The Socialist principles of his own party have to be measured against the values of the conservative People's Party.

A decade ago, it was not so difficult to run an Austrian coalition; in those days a consensus view of "social partnership" inside Austria was matched in strength by the world's admiration for a stable country with few strikes. Incomes policy and economic strategy were agreed behind closed doors between the two big political parties, the trade unions and other interest groups. Even top jobs in industry, banking and insurance were divided between the "reds" and the "blacks."

Many Austrians now feel that this partnership led to corruption as well as inertia. The Chancellor agrees that it also fostered a belief that the state would bail out loss-makers.

"We were accustomed to the state protecting us. People have forgotten what a really cold wind feels like. The cotton wool which was put around them for so many years kept them warm even when it was very cold outside. But now the cotton wool is not as heavy as it was a few years ago."

Mr Vranitzky himself has taken away much of the padding, travelling to factories to explain to ordinary Austrians why economic and social policies have to change.

"I am confronted with discussions and debates with workers from Voest-Alpine, (Austria's largest state-run and loss-making steel industry). They say that until now, the individual was at the centre of politics, but today he is being replaced by the balance sheet.

"They don't like this and I have to reply with a good deal of patience: if you don't know where your balance sheet is, you are leading people into a very uncertain future and even into harder times."

The balance sheet debate has dominated the Austrian media for several weeks, and not just because Vranitzky is determined to reduce the budget deficit — which, if not brought under control, could reach Sch 100bn (£4.7bn) by next year — by cutting back on fringe benefits and taking a hard look at social services and the bureaucracy.

Reducing the deficit will mean paring away at social services, higher hospital insurance payments, lower child benefits—all things Austrians thought inviolate. "All these contributed to the growth in our public debt. We have to put a brake on our indebtedness, otherwise the state will not be able to fulfil certain tasks. The state will not relinquish its responsibilities for those who are not in the middle of the social system—I refer to young people who have to be trained and educated and old people who have to be taken care of," he says.

It is all part of a sustained and radical reappraisal of the role of the state, although Chancellor Vranitzky denies it is anti-Socialist.

After 1955, when Austria regained its independence, the state pushed through a programme of nationalisation, industrialisation and expansion. The Socialist Party was the dominant force in politics.

"I still believe that social security is one of the main pillars on which the state rests," says Mr Vranitzky. "But this does not mean getting rid of the responsibility of each individual to do something for himself." Consensual politics may have delievered rapid economic growth and an advanced welfare system, but it also contributed "to an attitude among many people that the state could do everything for them. This is simply not true."

"Austrians can continue their consensual politics, but they must now bear in mind that, economically speaking, we are in a hostile environment in which we have to compete."

Competition was not high on the agenda of the state-run industries. Many of them ran up huge losses during the 1970s under the administration of Bruno Kreisky, a Socialist leader who was reluctant to see any unemployment or any change of economic policy in state-run industry.

"There was hesitation by management in the 1960s and 1970s. The losses and deficits were not considered as a problem which could not be settled by the state putting more money into those companies," says Mr Vranitzky.

Under the present coalition's policies, these companies are faced with two choices: partial privatisation or radical restructuring bringing job losses in the short term but with the hope of a leaner, more effective industry in the long term.

For ideological reasons Vranitzky is reluctant to place privatisation at the top of his economic and political agenda. "I am not an ardent advocate of privatisation," he insists. "What I think is more important is to change the management mentality to the state-run enterprises. Privatisation in itself is not a vehicle to restructure a company."

The main thing, he says, is to change attitudes. This means more than the state-run industries becoming more adaptable and competitive, as the private sector has already done. It is about acquiring confidence and adopting a more outward view of the world.

But Mr Vranitzky has inherited the post of Chancellor when Austria's international image is at its lowest. Has the controversy over President Kurt Waldheim's war record dented Austria's confidence? Has it encouraged Austrians to withdraw into themselves and become sceptical of outsiders?

"I don't think so," says Vranitzky. "Certainly there are those in Austria, the intellec tuals for instance, who are very critical and they are qualified to be so.

"They are critical of our system. They are definitely critical of Waldheim as well as being critical of the political parties. Over a period I think this is necessary. I also think it's necessary to get rid of the isolationist attitude in the country. I am glad we have these voices."

The isolationism, says Vranit zky is not caused by other countries shunning Austria but by "an attitude among Austrians themselves. We have to get rid of the attitude of being preoccupied with ourselves.

"I don't mean in the narrow economic sense of improving competition. It is about looking outside at world problems and knowing where we stand as a country on certain issues. It's about redefining the identity of our country."

Changing those attitudes is even more important when Austria wants closer relations with the European Community. But this should not be mistaken, says Mr Vranitzky, for the search for some alternative, foreign model for Austria's social democracy. Positioned between the power blocs of east and west, Vranitzky says "one of the successes of (Austrian) Socialists is that they changed the bourgeois state into a social democratic state."

It is this tradition, he argues, which will guide his party into the future. "Today's Socialists are no longer opponents of the state but a part of it. They are shareholders. Therefore, they have a responsibility to the state. Society would be ruined if it became too expensive for them to run." It sounds curiously close to an appeal to the values of the consensus.

● **PERSONAL FILE**

**1937:** Born in Vienna.

**1961-1970:** Austrian National Bank.

**1970:** Private Secretary to Finance Minister.

**1976:** Deputy Chairman of Creditanstalt Bankverein, Vienna.

**1981:** Chairman of Oesterreichische Laenderbank, Vienna.

**1984-1986:** Finance Minister.

**1986:** Chancellor.

# Good, Better and Best

JUSTINIAN

WHEN THE Court of Appeal (Criminal Division) hears the appeal today by Mr Keith Best, the *Lord Chief Justice* and his two judicial brethren will want to assess the full nature and degree of the particular criminality, even though the appeal is against only the sentence of four months' imprisonment.

There is a good deal of confused thinking in the public mind about what it was that Mr Best did which attracted the full weight of the criminal law. Terms like fraud and cheat have been bandied about quite carelessly, whereas it is deception and dishonesty that are the relative concepts.

By making multiple applications for British Telecom shares at the end of 1984, using variations of his name, four different addresses and by the use of different banks, Mr Best was plainly deceitful. He sought, rather clumsily, to conceal from the scrutineers of the BT issue the fact of unacceptable multiple applications.

BT's prospectus stated clearly that only one application could be made and that any multiple applications or suspected multiple applications would be liable to rejection. The applicant was required, in completing and delivering an application form, to warrant that "no other application has been made" on the applicant's behalf.

Lawyers and brokers involved in the flotation of the BT shares and other government privatisations thought the Director of Public Prosecutions would find it difficult to bring a case against multiple applicants, if only because the warranty in the BT issue was buried away at the fag end of a 59-page prospectus.

It was thought that the wording was too indefinite to justify a criminal prosecution. They had not reckoned on the ingenuity of lawyer-prosecutors to apply the ordinary law of theft to multiple applicants on share issues. They relied upon a prosecution for the offence of dishonestly attempting to obtain property by deception. If the element of deceit was manifest in Mr Best's behaviour, the same could not be so readily said about the ingredient of dishonesty.

Supposing a Mr Good wanted to organise a concert to raise money for charity and advertised locally for residents to buy a ticket at a high price, to include refreshments after the concert, the rest to go to a named charity. Supposing, for reason that the accommodation available was severely restricted in numbers, the advertisement stated boldly that there would be only one ticket issued per household.

A local resident a Mr Better reads the advertisement. His family, all keen concert-goers and wishing to help the named charity, disguise their multiple applications for tickets by some device of using neighbours who don't want to go to the concert, so that all six members of the Better family get their tickets. They have obtained the tickets by deception—but dishonestly?

If the answer is that every day people tell untruths about their actions but do not commit criminal offences, what is there to differentiate the Good-Better example from Mr Best?

There is one aspect that does mark the one out from the other, but it has nothing to do with criminal responsibility under the existing law. The ban on multiple applications was an attempt by BT to enforce a corporate policy to spread the allocation of BT shares—no doubt blessed by a Government keen that its privatisation policy, to be fully effective, should reach the widest shareholding.

A deliberate evasion of that policy by sleight of hand deserves to be dubbed as dishonourable or even disgraceful. But is it dishonest and therefore criminal?

Until the privatisation programme got under way, no one had for a moment thought that "stagging"—applying for shares in a new issue with the aim of selling them at a quick profit as soon as dealings begin on the stock market—was dishonestly obtaining property by deception. It could not have fallen within the relevant provisions of the code for theft, contained in the Theft Acts of 1968 and 1978.

It is only the Government's view that it would defeat the point of the exercise if stags in an attractive shares issue were to move in and gobble up the offered shares that changed the picture. The propagation of the idea of wider share-owning would simply appear as a kind of confidence trick.

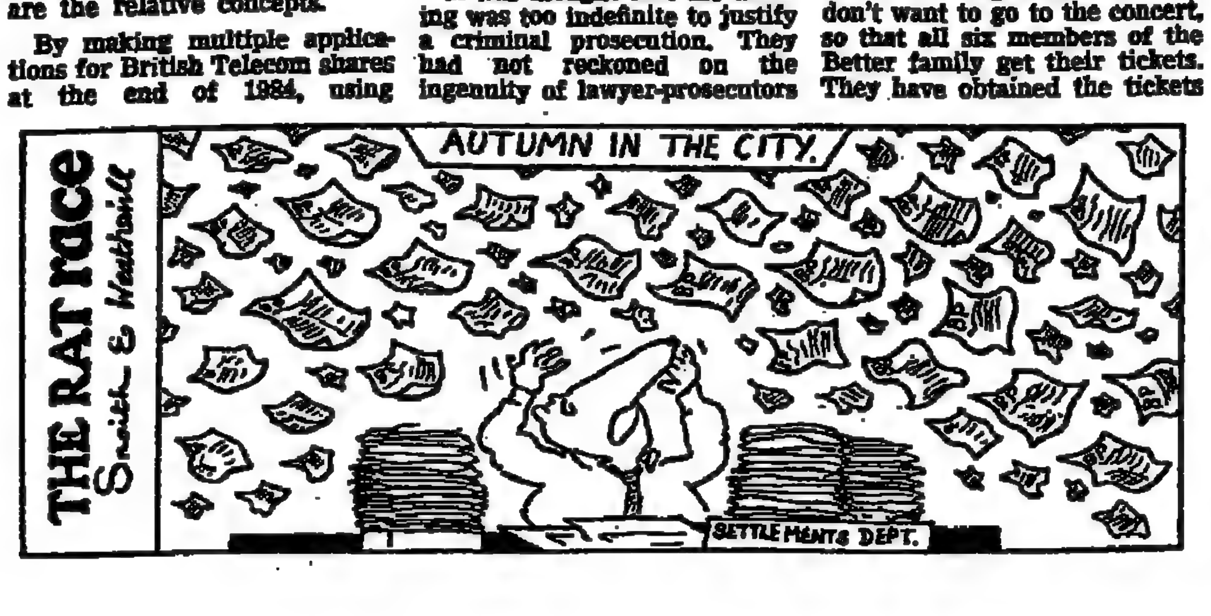
But the imposition of policy by the share-issuer, whether supported by the government or not, should not have the effect of converting a lawful act into a criminal one without specific statutory approval. As with the new offence of insider dealing, parliament should have been invited to make the conduct of which Mr Best was found guilty a specific criminal offence.

It is neither wise nor just to distort the ordinarily understood general law of theft to bring a novel situation within that law unless it is clearly a form of conduct that is probably dishonest by any reasonable standard.

At a time when the acquisitive instincts in our society are being encouraged, it is all the more important that private greed should not be transmuted into public benefit. To avoid such transmutation the law must be directed specifically at those activities which society says cannot be allowed to go uncontrolled.

The difficulty which the judges face on Mr Best's appeal is that a jury has—true, by a majority of 10 to two—found that Mr Best was dishonest. And the appeal does not suggest that the judge who tried the case, Judge Gerald Butler, QC, did not direct them properly on the law. In other words it is accepted by Mr Best's lawyers that the jury was entitled to say that there was dishonesty in what he had done.

It is all too easy for laymen to translate deceitfulness or deception into dishonesty. Whatever social opprobrium should properly attach to the former, the criminal law is best restricted to a rigorous definition of dishonesty. Otherwise large numbers of us will find ourselves potential candidates for Her Majesty's prisons. With chronic overcrowding, that is an alarming prospect.



RESPECTED but unloved, the sprawling Central Electricity Generating Board has been trying desperately this summer to find the best range and direction for its formidable lobbying guns.

For the second time in its 30-year history, it is fighting for corporate survival - in this case as a result of the Government's plans to privatise the industry. So, like British Gas under the doughty leadership of Sir Denis Rooke in 1984, it has deployed a huge managerial effort to throw up earthworks round its territory.

The battle can be seen as the continuation of a civil war within Britain's £10bn a year electricity industry, which began in the late 1970s. It is all to do with the respective roles of the Electricity Council and the CEGB.

The empire is divided uneasily between that formidable scientist, Lord Marshall of Goring, at the CEGB and the more politically adept former civil servant, Sir Philip Jones, chairman of the council. Their relationship is displayed for all to see every year when they stand at opposite edges of the dais at their joint annual results press conference. Sir Philip speaks first, but Walter, as the industry calls him, talks most.

Every year stage managers bend their efforts to ensure that Lord Marshall will stick to his script, but they invariably fail, to the visible discomfort of Sir Philip. For Lord Marshall's habit of mind remains incorrigibly scientific: so if he thinks something is interesting or true, he is very apt to say so with resounding emphasis.

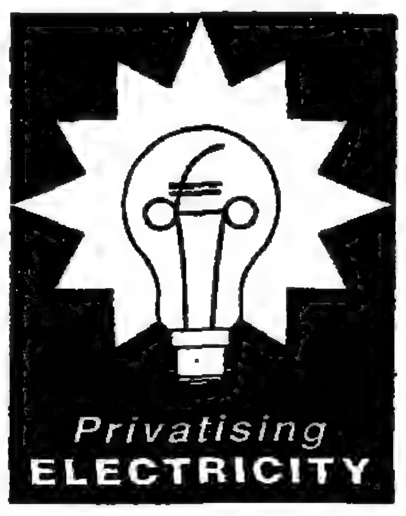
This has sometimes been embarrassing. On subjects like the connection between acid rain and power station smoke, the burial of nuclear waste and even on nuclear safety, the political mood has recently been far out of tune with the austere conclusions of science.

Lord Marshall's unusual style as chairman of such a large organisation was evident two years ago, when he was using a set of specially prepared coloured slides to brief outsiders on how *badly* the board's latest nuclear reactors were performing. Although this was part of his campaign to be allowed to build a new generation of pressurised water reactors, it was a hostage to fortune which Sir Philip would never have given.

The differences between the two men is much more than a matter of style, however. It involves an institutionalised conflict of power, not of their making, but inevitably dominating their positions. Sir Philip has tried, with his relaxed pipe-puffing charm and diplomacy, to get his way with the minimum release of shrapnel. But Lord Marshall does not need to take much notice of the industry's titular boss. The treaty has never worked well, and both sides know it.

There is more than one management culture to be reckoned with as the Government considers its privatisation plans for the industry. Max Wilkinson reports

# Sparks fly in the nuclear family




One reason is that it flouts the fundamental economic principle that price signals should flow freely between consumers and producers to create a responsive balance between demand, supply and investment. The CEGB has no control over the marketing of its output, and the area boards have scarcely any influence over the cost of production. The price at which electricity is sold to the boards (the bulk supply tariff) is determined by an arcane formula about long run marginal costs, whose workings few people understand and both sides dispute.

Under the present divided structure, with little profit motive, the industry has only a weak incentive to explore ways in which pricing policy could change consumer demand so as to minimise the requirement for capital. The CEGB has little reason to promote conservation: indeed its instincts are always to promote demand and build bigger machines to satisfy it. Similarly the area boards have moved slowly in devising tariffs which might shift consumers' demand from peak periods when power is expensive to slacker periods when many of the Board's efficient power stations are idle.

The previous Labour administration wanted to improve the flow of price information by integrating the industry under a single management. The present government thought the advantages were outweighed by the monopoly dangers and has since rejected this as a model for privatisation. Any serious attempt to create more sensitive feedback from demand to supply is therefore likely to require the removal of a fairly large slice from the CEGB's sphere of influence - pehaps even a complete break-up into competing power companies.

Sir Philip Jones (left) of the Electricity Council and Lord Walter Marshall of the CEGB: theirs is a conflict of power

There are those in the council who would rub their hands at this demise of their old antagonist, particularly as it might well put the council or its private sector successor in the central control room of the industry's national grid. It would then be responsible not only for the day-to-day running of power stations, but could at last wield influence over strategic investment decisions.

But the battle is not yet lost - or won. Lord Marshall has no doubt been cashing in the considerable credit that he has built up with the Prime Minister. Meanwhile, his two impressively able lieutenants, John Baker (managing director) and Gil Blackman (deputy chairman) have been directing their forces at the regiment of bankers and civil servants now touring the industry in search of enlightenment.

Their arguments for privatising the CEGB intact are by now fairly familiar. They include: the economies of scale from running all the power stations according to an integrated schedule; the improved security at lower cost in a large integrated system; the present intimate relationship between transmission power station management, and security of supply; the risks of disturbing a technically complex transmission system by any rapid change; the board's own good reputation for technical proficiency and the steady improvements in manning and station efficiency which it has achieved in recent years.

Informally, the board is doubtless letting it be known that comparable expertise is not to be found, by and large, in the area boards or in the council. And this is probably true, since the board has enjoyed a dominant position for many years.

However, when all these arguments have been processed, gutted and packaged by the Whitehall machine, ministers will still be asking a question which could be crucial to the industry's future: "What kind of outfit is the CEGB nowadays? Do those people at the Sudbury House headquarters near St Pauls really know what they are doing?"

It was the answer to this question rather than structural or economic arguments which enabled Sir Denis Rooke to preserve British Gas almost unmarked by the turbulent passage to the private sector.

But the power industry does not have a figurehead of comparable experience who could stand in the Government's and investors' eyes as "Mr Electricity". Not only is the industry divided, but Jones and Marshall are both relative newcomers. Although Baker and Blackman are said to run the CEGB as an effective team, neither is well known to the wider public and neither is the boss.

Blackman, a respected manager and former power station manager, has just pushed through a major reorganisation intended to improve efficiency by dismantling the five semi-autonomous regions and drawing all major decision-taking to four divisions at the centre. Although suspicious persons might see this as a way of avoiding any break-up into regional companies, the CEGB claims this was a reform long needed to prevent wasteful duplication and competition between regional managers for scarce resources.

Although the Government was "informed" when these changes were begun in 1982, civil servants were given few details. As one former civil servant remarked ruefully: "We couldn't ask for papers on the subject because we did not know they existed." This habit of secretiveness has given the board a reputation for remoteness. However, it is perhaps unfair to criticise a nationalised industry for playing Whitehall games.

John Baker, like Sir Philip, a former civil servant, with a liberal arts background, has made considerable efforts in recent years to emancipate the organisation from its aloof technocratic image. He proved his agility as a debater during the long public enquiry about the proposed pressurised water reactor at Sizewell in Suffolk, and showed that you do not have to a slide-rule in your pocket to understand the wider principles behind CEGB engineering lore.

However, it is hard for outsiders to judge the extent to which Baker really does represent a corporate conversion from the old arrogant priesthood of engineering for engineering's sake and damn the cost.

This culture, it was said, contributed to the huge over-ordering of power stations in the late-1960s, a slowness to consider whether some of the big oil-fired power stations should be cancelled, over-elaborate engineering and an incorrigible tendency to tinker wth designs, particularly of nuclear stations.

As a result, each one was different from the next, so that economies of scale could not be realised and unforeseen problems were constantly appearing.

This, say the critics, was combined with a "cost plus" mentality which resulted from the sure knowledge that costs could always be passed on to the boards via the bulk supply tariff. Consequently, (the indictment continues), CEGB management became slack, particularly in relation to large construction projects which fell notoriously behind schedule.

In 1982, the Monopolies Commission was reporting that the construction of power stations "still takes an inordinate time". It continued: "We consider there are serious weaknesses in its [the CEGB's] investment appraisal," particularly for nuclear power stations, where it was "seriously defective and liable to mislead".

The present management does not dismiss this charge sheet with quite the insouciance of some of its predecessors, though it asks for many mitigating factors to be taken into consideration and claims, more pertinently, that things are now done differently.

As one senior executive said: "It used to be nuts and bolts all the way, but now the world has changed. Good managemanent is the top priority."

But the question remains: has the machine-dominated culture really changed, or is it just dormant, waiting for another flowering of technological excess in the next ordering boom. As the 1960s power stations are wearing out, the board expects this to start in the 1990s, with perhaps ten new stations to be built by the year 2000.

Is this an engineer's dream or does the UK really need so many? More important, will a CEGB unbridled by competition build them on time and to budget?

Certainly the Layfield report on the Sizewell project gave a broad endorsement of the board's present investment appraisal criteria, and the recent construction record, particularly for the huge Drax B coal-fired station near Selby, in Yorkshire, has been much improved.

However, a further Monopolies Commission report on the board's transmission functions this summer produced disconcerting evidence that poor management persists within the organisation. The report said that a project to computerise control of the grid was hugely behind schedule and over-budget.

The Commission added magisterially: "...the CEGB should regularly remind itself of its past mistakes...", an injunction which ministers may well think should be re-inforced by substantially increased competitive pressures after privatisation.

## Management abstracts

**Headhunters: pariahs winning prestige.** *N. Kochan in Manpower Policy and Practice (UK), Spring 87, (2½ pages)*

Reports that headhunters have come of age, with general acceptance that they reach the people that advertising cannot. So, how does one set about selecting and employing a headhunter? In essence, it is not that different from choosing a candidate: for instance, a prospective headhunter should supply a CV. The employer of a headhunter needs to consider matters of cost, ground rules, and conflict.

**Should general managers match their business strategies?** *T.T. Herbert & H. Deresky in Organisational Dynamics (US), Winter 87 (14 pages)*

Considers that the "myth of the universal manager", who can manage successfully in any situation, has hinderd any attempts to fit individual general managers' skills and abilities to the requirements of the particular strategies they will have to implement. Explores the role and function of a general manager; divides strategies into four generic groups; contends that managerial role patterns are unique to each strategy type, and studies the implications for general manager selection and performance.

**Stress in your own backyard.** *E. Giles in Personnel Management (UK), Apr 87 (4 pages)*

Discusses how personnel directors, responsible for initiating policies to manage stress in the workplace, cope with the high levels of stress inherent in their own jobs; identifies the classic stressors that affect them; and how stress manifests itself (no differently from anyone else). Finds generally that, despite their knowledge of stress, personnel directors seem to have a blind spot about their own stress and the impact of their behaviour on others, and show little sensitivity to stress experienced by people lower in the organisation.

**Retail crowding.** *S. Eroglu & G.D. Harrell in Journal of Retailing (US), Winter 86 (20 pages)*

A study of the effects of crowding, defined for instance as a "state of psychological stress that occurs when a person's demand for space exceeds the supply". Looks at how this can affect purchasing behaviour; participants in the study expressed feelings of helplessness and of having made wrong purchases.

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.*







## Company Notices







## Company Announcements



## Art Galleries

## The Rink/Forum, Wythenshawe

**Michael Coveney**

Wythenshawe, 8 miles due south of Manchester and twin-towned with Leningrad, is the second largest housing estate in Europe. Its civic centre contains leisure facilities, bars, a swimming pool—and a theatre, the Forum, that has accumulated an enviable reputation for putting on musicals.

British premiers to date include Sondheim's *Follies* and *Pacific Overtures*. A lustrous reputation has ben further polished with Paul Kerryson's sinuous and sensitive production of *The Rink* by Terence McNally (book), John Kander (music) and Fred Ebb (lyrics).

The musical was greeted with mixed notices on Broadway in 1984 and became notorious for the middleweight slogging match each night between Chita Rivera and Liza Minelli. When I saw it, Minelli was "off" and the story of a disillusioned child of the 1960s returning to claim her memories from her mother in a *dilapidated roller rink on the* Eastern seaboard in 1978 struck me as feeble-witted and banal.

Problems remain in the second act, but these are to do with the ambitions of Mr McNally's book rather than any shortcomings. Mr Kerryson has unleashed upon his unusual musical two of the most glorious talents of our musical stage — Josephine Blake and Diane Langton — who invest the mother and daughter conflict with grace and dense emotion. The acting is terrific.

Anna is selling up and has called in the demolition gang, a chorus of six male roller-skating quick change artists who reanimate her past life under pressure from the daughter, Angel, to preserve it. Josephine Blake, elegant, ginger and brassy, like a born-again Rachel Roberts, resists nostalgia firstly because she was a resentful drudge and secondly because she needs to find herself no less than does Angel. This complexity was absent from Chita Rivera's performance. Miss Blake's husband was destroyed by the fighting in Korea and their marriage break-up is movingly explained in an extraordinary sequence late in the second act where Anna goes from charting her sexual hunger to renouncing God.

Much of *The Rink* we now see, is technically experimental. It starts with two monologues, Angel regressing to her pre-adolescent security in "Coloured Lights" and Anna rejecting her offspring. *Diane Langton* bravely mixes Angel's plump toe-curling girlishness with a swingeing assault on the collective emotional jugular. One minute she is cowering in the shadows, the fat only child overrun by an elegant mother and marital bickering; the next, sehe cuts loose centre stage in some of Kander and Ebb's most supercharged and extensively lyrical writing.

There is much here equal to anything penned by the authors of *Cabaret* and *Chicago*. The world of abandoned fairground and dimmed fairy lights characterises a score of wheezy organ music and carousel rhythms. And the mother and daughter cut and thrust is contained in a series of sharp, rapid and witty solo items. These culminate in the second act knockout duet "The Apple Doesn't Fall," a Kander and Ebb classic delivered in a state of stoned delirium by both ladies sprawling on the floor.

The brutality of so-called progress informs a muggers' ballet in which comedy and terror are the riposte to the query "What Happened To the Good Old Days?" Mr Kerryson's choreography is apt and muscular throughout, his sense of "space" on the stage faultless. The design by Chris Kinman cannot, of necessity, repeat the cantilevered steel folly aspect of the Broadway version, but it fully reflects the show's theme of memory illuminating dark reality through the anaesthetic of nostalgia.

The Forum is administered by the Library Theatre in Manchester's city centre. A most happy accident of planning has decreed that the home base company opened on Friday in the first regional revival of Alan Bennett's *Enjoy* (1980), a much underestimated piece in which a child also returns to his roots in the guise of a social worker only to find the old Leeds back-to-backs under the demolition hammer. The sex life of his parents is also on the agenda, and the play ends, like *The Rink*, with the set flying up and out of the acting area.

## Behold the Sun/Radio 3

**Max Loppert**

It has been a rewarding year for opera on radio. A sizeable list of valuable and challenging rarities has already been introduced to the British listening public; and now Alexander Goehr's *Behold the Sun* joins it. Saturday's broadcast was the opera's British premiere: it had been commissioned to mark the 25th anniversary of the Deutsche Opera am Rhein, in 1985, and was first staged at Duisburg in April of that year. The occasion had resulted in a small scandal, for the opera was presented brutally cut and with parts of the remainder internally repositioned, without Goehr's foreknowledge or consent. So Radio 3 offered both an act of reparation to one of the most important British composers (who is this year's Reith lecturer), and (as it turned out) a world premier of the whole work.

As I noted on this page after the Duisburg performance, Goehr has treated an historical episode—the 1534 Anabaptist uprising in Münster, followed by the town siege and the establishment of a "heavenly kingdom" ruled over by the deranged Jan Bokelson of Leyden—that had previously served Meyerbeer and Scribe for *Le Prophète*.

It's easy, of course, to put the world of Parisian *grand opèra* entirely out of mind, for between Meyerbeer and Goehr lie more than just 135 years of calendar time. I think, indeed, that *Behold the Sun* should properly be termed an opera-oratorio, even if the composer has resisted that admitedly rather cumbersome label. For the dominant influence on its temper, dramatic treatment, and sound has been the Baroque oratorio, above all in its Bachian and Handelian summations.

Goehr's purpose in handling his libretto this way—with Baroque forms (aria, fugue) revived, and leading characters un-Romantically picked out of the crowd (or *turba*, as the chorus is also called in the Bach Passions—was clear and manifold. He has characterized one of the most important uprisings of European fundamentalist Christianity in musically condign terms; and he has sought to tackle in dramatic terms a subject full of violence, fervour, genuine messianic idealism, and its inevitable decline into violence and dissolution, without (as he himself put it) "descending into Hollywood phantasmagoria."

Listening to the complete work is an experience at once powerfully impressive and strangely disappointing. There is much wonderfully severe, dignified, sharply crystallized musical invention in it. The various influences—those of Janacek, Stravinsky, and Weill as much as Bach and Handel—have been fully absorbed; the use of an appropriately small orchestra plus "modern" percussion is acutely judged to set the stylistic and colouristic self-imposed limits, and to contain the vocal forces within them in a spirit of dry luminosity. In key episodes—the ecstatic high-coloratura aria in Act 1 for the visionary young boy, the duet for women in Act 3, the insertion of a play-within-a-play—the various worlds of style, influence, subject matter, and all Goehr's own artistic preoccupations of recent years come together with a grand and persuasive authority.

What seems to be missing is a stream of theatrical animation coursing its way through the musical inspiration. This is particularly evident in the scenes built on large-scale choral participation; the chorus may be the work's composite protagonist, but with it the threat of a drily contrapuntal neo-academicism comes closest. There is still no excuse for the German opera company's rough, rude handling of *Behold the Sun*; but one begins to see what caused them to behave as they did, and to wonder if it will ever be possible to realise so large, and largely "abstract," work convincingly on stage.

Meanwhile, brief words of renewed praise for the BBC's efforts in enlarging one's view of Goehr, and of admiration for the excellently sympathetic, surely paced and sounded BBC Singers and Symphony Orchestra performance under John Pritchard. Among a large cast there were good contributions from Phillip Joll, Carole Farley, Fiona Kimm, John Tranter, and Justin Lavender, and outstanding ones from Philip Langridge (as Bokelson) and Celian Lindsley (in the coloratura aria).

## Obituary/Jean Anouilh

Jean Anouilh, who died yesterday at the age of 77, was the leading French playwright of his generation. His early comedies such as *Voyageur Sans Bagages* were seen in Paris in the 1930s, directed by Pitoeff whom he venerated. His famous version of *Antigone* was first shown during the Occupation with his then wife Monelle Valentin playing the title role. Was it a play in favour of resistance of repression? No one has ever been sure of the answer; at any rate the German censor let it through.

Thanks to some early productions by the BBC Third Programme, Anouilh came to the attention of London managements and was taken up in a big way by H. M. Tennant who put on his clever piece about identical twins, *Invitation au Chateau* as *Ring Round the Moon* in a version by Christopher Fry.

Paul Scofield was both twins, the young Claire Bloom played the heroine, and thed irector was Peter Brook. This was really the high watermark of Anouilh's British success. *Colombe* with Yvonne Arnaud, though well received in Paris, was not a success here. His fortunes picked up again with *The Waltz of the Toreadors*, which showed a bitter strain in his inspiration, as did *Pauvre Bitos*.

After that the West End tired of him but he found a champion in the Chichester Festival Theatre in the 1960s and 1970s which put on several of his later works which showed a continuing preoccupation with the nature of illusion, a theme he had derived as a young man from Pirandello.

Anouilh was a superb entertainer, theatrical to his finger-tips, and he left behind many plays which have not been translated into English for some enterprising management to discover.

**ANTHONY CURTIS**

Issey Miyake's shop for men in London, designed by the Stanton Williams Partnership, is simple, austere and elegant

## Architecture/Colin Amery

# New partnerships, new ideas

In London at the moment there is a very encouraging new feel to the architectural scene. It is not yet highly visible but it is to be seen in shops, some small conversions, and in a new sense of design. There are some half a dozen firms working out this new aesthetic and I intend to look at their work over the next few months.

One of the more interesting new partnerships is that of Alan Stanton and Paul Williams. They both come from interesting backgrounds and bring decidedly individual qualities to the union. Alan Stanton worked with Richard Rogers and Renzo Piano on the Centre Pompidou in Paris. Since those heady days he has refined his interest in the higher reaches of technology, and the most public example of his stylish approach was the tent that stood for a recent summer outside the Tate Gallery in London.

His interest lies in the visual and structural qualities of materials stretched and tested—in much the same way as sails and spinnakers test and try the elements and the skills of the ship-builder. Tension meeting a fabric has always fascinated designers and it is a key area for the development of a new design theory.

Michael Hopkins is another architect who has brought this skill to new heights in his work outside Cambridge for the Schlumberger research building.

What is interesting about Alan Stanton is that he has teamed up with an architect who has concentrated until now upon the world of exhibition design. It was largely due to Paul Williams that the brilliance of the Biedermeier furniture was so skilfully displayed in the exhibition at the V and A. That was an unforgettable exhibition and he has gone on to larger and grander things, like the Romanesque show at the Hayward Gallery where he managed to evoke a period in an unsympathetic setting. His design for the recent Rodin exhibition was more neutral.

The new partnership of Stanton and Williams is now buried in work preparing for the major exhibition of Gothic art due to open at the Royal Academy in early November. This show, to be called *The Age of Chivalry*, has posed enormous but no insoluble design problems in the conversion of a series of grand classical rooms into a space receptive to fine Gothic objects.

Only a few weeks ago a shop opened in London's Fulham Road to sell men's clothes designed by the Japanese fashion designer Issey Miyake. Mr Miyake has one shop in London, in Sloane Street, where his austerely beautiful women's clothes are sold. (That shop is designed by David Chipperfield Architects and has a highly distinctive quality dependent upon a classically simple use of natural materials, with a clear section that maximises the space in an ordinary London shop unit.)

The Miyake Man Shop by Alan Stanton and Paul Williams takes its architectural inspiration from the line of modern architects inspired by Louis Khan and elements of Le Corbusier. But its interest lies in the brilliant manipulation of space; new levels are created by a major staircase and the whole triple height volume is crowned by a vault — a solemn curve that adds tremendous architectural dignity to the space.

Two things strike you at once: one is the extreme height, and the other is the quality of the light. The height seems almost like four storeys. This is achieved by the combination of the opening up of the whole space, and the handsome stairs that dive down ahead of you to the sales floor—which is at basement level, with a glass balustrade and thin rail that is almost invisible. Light adds to the sense of space by coming from a high roof light. This vertical source is powerful and extremely effective.

The other significant and new element of this sort of architecture is the use of solid and natural materials of high quality. Doors are of solid oak, walls are of Italian Marmorina plaster, stairs of stone, and what glass and metal there is takes a subordinate role.

The clothes that Miyake designs are simple but made from rich fabrics; there is something of an absence of colour. The level of control is also impressive in the interior—every detail is well done and the technical elements like lighting do not intrude but work perfectly. There is only one jarring note. Sad though it is to have to criticise the inclusion of a work of art, but the three cut out male figures by Elizabeth Frink look coarse and inappropriae here. Her colours and paint handling have a crudeness which is not enriching or right. The inclusion of the Frinks, which may look fine elsewhere, is a curious lapse of taste.

Across the road it is interesting to take a look at the shop designed for Katherine Hamnett—she of the giant "T" shirt—by Norman Foster. It has one very rewarding effect which is the glass entry bridge and a great wall of mirror that enlarges the already enormous space.

The actual selling space and the sagging clothes have a horribly post-nuclear holocaust look.

★

There are three exhibitions in the capital worth noting. Already on until October 24, *The British Country House: A Collector's View*, is at the Heinz Gallery, 21, Portman Square, London, W.1.

Opening at the Architectural Association from October 7 is a selection of skyscraper drawings by Hugh Ferris. He is the master of imaginary drawings of the 1920s and 1930s and this was a triumphant show when it was on in New York earlier this year. It is being shown with the work of Mary Miss—her drawings, installations and photographs have a great power and are entirely to do with the creation of space, and the places made by the simplest of materials. She is a potent artist. The Architectural Association is at 36 Bedford Square, London, WC1, and the shows run until October 31.

## SPONSORSHIP

While the Royal Opera House Covent Garden is still seeking a sponsor for its major new production of *Parsifal*, scheduled for January, avant garde arts groups are suddenly all the rage with business backers, especially those seeking to sell to the affluent young, or, to coin a word, Yuppies. For the first time, this year's Dance Umbrella, which starts on October 14, has major sponsorship, from Becks Bier.

Becks is pleased enough with its return from the £30,000 it put behind the Gilbert & George show at the Hayward in the summer, to up its annual seponsorship budget to £100,000. It was imaginative to back G & G: the controversy about their art, with its obsession with youthful male bodies, produced a mass of media coverage. The label promoting the show, which appeared on the backs of 6m Beck bottles, might have confused most pub drinkers but should, in time, become a collectable. Next year Bier will back Theatre Complicite, a mime theatre group, on a national tour. They appeal to the intellectually precocious who one day will be running the country and the link is only costing £12,000.

★

Another company aiming at the same market is German pen maker Mont Blanc. Its first UK sponsorship was an ICA exhibition this summer on the influence of the comic on fine art. Next year it maintains the trendy image by funding the V and A's speedy appreciation of graphic designer Neville Brody, who created the look of The Face magazine. He may mean little to the masses but he is the darling of the chic. In all, Mont Blanc is channelling £100,000 into art sponsorship in 1988, mainly to promote its link with fashion. The enthusiasm of these German companies to use minority arts to reach rich minority markets has not been overlooked. Sobranie, makers of colourful cigarettes and part of the Gallaher group, is launching its new Riviera Lite, a totally grey cigarette, via fashion and arts happenings this autumn.

At last the Burton Group has been lured into arts sponsorship: it is investing £100,000 in the London Mozart Players over the next two years. "Investing" is the appropriate word. Sir Ralph Halpern seeks a tangible return from his money and, as well as a plug on all the LMP's promotional literature, and entertainment opportunities at the South Bank concerts, the ensemble will be fiddling away at store openings, particularly at the Group's new Debenham branches. Recordings aimed exclusively at the store's credit card holders are also on the schedule.

Burton concentrates its social conscience spending on a few big projects—it also supports an employment project in the north east and a medical charity—rather than scattering small sums among the many. Like most sponsorship links the trigger was the human factor: Mark Littman is on the board of both the Burton Group and the LMP.

The Burton money more than makes good the loss of BP's patronage in recent years and will enable Jane Glover's band to burst out of its 18th century straightjacket to play music of the 1980s at its Elizabeth Hall concerts, with the composer on hand to answer questions after the performance. The first such evening will be on November 11 when Alexander Goehr will have a composition played, along with Bach, Hadyn and Mozart.

★

*The most successful arts* sponsorships usually involve competitions, with the Booker the classic example (although the company has been amazingly slow to exploit the connection). Yet one attractive sponsorship opportunity, Songsearch, has just lost its commercial backer. This competition for an original song, organised in conjunction with the annual Kendal Folk Festival, was supported by Legal & General for its first three years. It has now withdrawn in line with its policy of getting an idea off the ground and then wishing it well. (In fact, three years seems to be about the average length of an arts sponsorship.)

Songsearch, which attracted 3,500 entries this year, seems ripe for exploitation. Popular music is one thing that the UK is good at: L & G withdrew because it was reluctant to invest the extra cash needed to take the idea of a song competition further, promoting the winners into recording artists. Its total commitment was £25,000 and converting it into a home-grown Eurovision Song Contest would have demanded a major increase in time and money. It tried to get the record industry to take the event on, but with no luck. So here is a good idea waiting for a sponsor who is prepared to dive into the deep end.

The first Songsearch might have seemed to have a folk bias but in practice the competition was open to anyone with a tape recorder and a tune in their head.

**Antony Thorncroft**

*This is the first of a monthly series of articles on sponsorship.*

## Tannhäuser/Covent Garden

**Richard Fairman**

The effects of the Royal Opera's chorus strike rumble on. After only one performance the first cast planned for this *Tannhäuser* have parted company and three new principals taken over.

As reports from the opening night will have suggested, they face an uphill struggle. *Tannhäuser* is a notoriously difficult work to bring off at the best of times. But this revival parades a series of stage pictures that are gloomy and lifeless beyond what is usual (even the current Bayreuth production, a low-point of imagination, is played with the lights up) and it is only a few isolated moments from individuals that make the piece seem worth doing at all.

The brightest moment, in all senses, comes at the beginning of the second act. A spotlight floods the centre stage and into its glare steps a new Elisabeth, the young West German Mechthild Gessendorf. She may not be the radiant and beautiful heroine of one's dreams (there is a hard, tense and dramatic core to the voice that precludes such a description) but from her first lines it is clear that she means what she sings.

The changing moods in her scene with Tannhäuser were clearly charted. The prayer "Allmacht'ge Jungfrau" was more than just a piece of sustained vocalising. A grip on the words is a central feature of her singing and its importance could be judged by an immediate comparison with Livia Budai, the new arrival in the role of Venus: the size of voice is much the same, but Budai swallows her consonants and loses all the power of the text.

The rest of the cast is mostly familiar. Klaus König returns with his dependable Tannhäuser. One would have been glad of his solid singing 15 years ago when there was a dearth of Wagnerian tenors. Hakan Hagegard is the small-scale but very poetic Wolfram; Gwynne Howell is the mellow Landgraf. Peter Schneider conducts. There are two more performances.

★

*Max Loppert writes:* In my notice on Thursday of the *Tannhäuser* the choreographer was named as Stuart opps. e is, of curse, Ian Spink. My apolgies to both gentlement for the error.

## Saleroom/Antony Thorncroft

# Cashing in on coins

Last week London was host to the banknote brigade; this week the coin collectors are in town for the Coinex Fair at the Marriott Hotel, starting on Thursday. Naturally all the salerooms, plus Spinks, are cashing in with major auctions.

Christie's is holding the most mouth-watering auction tomorrow, when it disposes of the Gallia collection of French gold coins. This was assembled by one family in the first half of the 20th century and comprises top quality gold coins from the time of St Louis, in the late 13th century, to the French Revolution.

The top price, in the region of £60,000, is expected to be paid for one of the very rare "Louis d'or" coins introduced by Louis XIII in the 1640s, not for circulation but for use at the royal gaming table in the Louvre. There are two examples of the massive "10 Louis d'or" and two of the "8 Louis d'or", of which only 20 are known to have survived.

The main auction at Sotheby's takes place in Monaco next Saturday when one of the finest collections of 20th century haute couture comes under the hammer. It was formed by Mme Mary Vaudoyer from the 1940s and is particularly strong in beaded dresses of the 1920s. Prices start as low as £200 (the estimate) for a white silk Pierre Balmain decollete evening gown of the 1970s, and range up to £8,000 for a read beaded evening coat attributed to Paul Poiret and dated 1928.

Christie's South Kensington made such a success of selling off cricket memorabilia from Lord's in April that another auction is scheduled for Friday, much to the chagrin of MCC diehards who disapprove mightily of scattering the game's history. Highlights include a printed silk handkerchief commemorating the first England tour to Australia in 1861-62 (with a top estimate of £1,000 although experience suggests that many forecasts will be much exceeded) and a signed menu by the 1926 Australian touring side (estimate up to £100). One ball, from the 1896 match between the Australian tourists and Lord Sheffield's XI, carries a forecast of up to £150.



# Arts Guide

October 2–8

## Opera and Ballet

### WEST GERMANY

**Berlin, Deutsche Oper:** Oedipus, specially composed for the Berlin Opera by Wolfgang Rihm, and produced by Götz Friedrich, will have its world premiere this week, with Andreas Schmidt leading the cast. The Munich Bayerische Staatsoper is giving a guest performance of Cadillac, a Ponnelle production with Maria de Francesca, Doris Soffel and Donald McIntyre. To round off the week Margaret Price is giving a lieder recital, accompanied by Wolfgang Sawallisch, of songs by Mozart, Schubert, Mahler and Strauss.

**Hamburg, Staatsoper:** Der Rosenkavalier stars Lucia Popp, Hildegard Hartwig, Heseon Kwon and Kurt Moll, and Die Meistersinger von Nürnberg Helen Donath, Bernd Weikl and Kurt Rydl. The Nutcracker, choreographed by John Neumeier, returns to the repertory.

### LONDON

**English National Opera, Coliseum:** The Pearl Fishers, an opera in which beautiful music makes good a weak story, has been well cast – Valerie Masterson, Adrian Martin, and Sergey Leiferkus make a very strong principal trio, and Charles Mackerras a superb conductor; the production and designs by Philip Prowse are a failure, but not a damaging one. Further performances of Sondheim's Pacific Overtures – despite flaws and production clumsinesses, a valuable addition to the repertory. Reviewed this week is the ENO production of Werther from 1977, with Arthur Davies and Ann Murray new in the leading roles.

**Sadler's Wells, Rosebery Avenue:** The Thai Dancers here (until October 10) is the only dancing in London this week.

### NETHERLANDS

**Amsterdam, Muziektheater.** The Netherlands Dans Theater with Perspettivo, a new full-length ballet by Jiri Kylian to music by Berio (Tue). Premiere of the Netherlands Opera production of Verdi's Don Carlos directed by Alberto Fassini to the mise-en-scène by Luchino Visconti. Hartmut Haenchen conducts the Netherlands Philharmonic, with Neil Rosenshein in the title role with Susan Marie Pierson, Harry Peeters and Mimi Lerner (Thur). (255 455).

### ITALY

**Florence: Teatro Comunale:** Piero Faggiano's new production of Mussorgsky's Boris Godunov, sung in the original Russian, with Italian sub-titles. The cast includes Lucia Valentini Terrani, Walter Donati, Stafford Dean, Robert Lloyd and Dimiter Petkov, conducted by Myung-Whun Chung (Sun, Tue, Thur). (277 9236).

**Bologna: Teatro Comunale:** Puccini's Tosca conducted by Gianluigi Gelmetti and directed by Giancarlo Gobelli, with Raina Kabaivanska, Silvano Carroli and Nicola Martinucci (Sat). (52 9999).

### PARIS

**Stephen Petronio** dances in the framework of the Festival d'Automne at the Centre Georges Pompidou (4277 1233).

Swan Lake in Rudolf Nureyev's choreography conducted by Ashley Lawrence/Michel Queval with Isabelle Guerin/Elisabeth Maurin/Sylvie Guillem/Elisabeth Platel and Clotilde Vayer alternating in the role of Odette/Odile and Laurent Hilaire, Rudolf Nureyev, Charles Jude, Jean-Yves Lormeau and Manuel Legris in that of Siegfried. Paris Opera (4742 5750).

**Puccini's Il Trittico;** Opera Comique (4742 5371).

### NEW YORK

**Metropolitan Opera (Opera House):** The week features L'Elisir d'Amore conducted by Ralf Weikert in Nathaniel Merrill's production with Dawn Upshaw, Carlo Bergonzi and Brian Schexnayder; Otello, conducted by James Levine in Franco Zeffirelli's production with Kiri Te Kanawa and Placido Domingo; Manon, conducted by Manuel Rosenthal in Jean-Pierre Ponnelle's production with Catherine Malfitano and Alfredo Kraus; and Ariadne auf Naxos, conductor James Levine in Bodo Igesz production with Jessye Norman, Kathleen Battle and Tatiana Troyanos. Lincoln Center (362 6000).

**Feld Ballet (Joyce):** Two new ballets, Embraced Waltzes and A Dance for Two, highlight the mixed programmes of this 22-dancer company in its month-long season. Ends Oct 31. 175 8th Av at 19th St. (242 0800).

### WASHINGTON

**Houston Ballet (Opera House).** Mixed programmes in the week long visit include Etudes, Robdin and Bartok Concerto. Ends Oct 11. Kennedy Center (254 3770).

## Music

### PARIS

**Scottish Chamber Orchestra** conducted by Wilfried Boetchler, Ronald Brautigam, piano, Hakan Hardenberger, trumpet: Haydn, Mozart (Mon). TMP-Chatelet (4233 4444).

**Orchestre National du Capitole de Toulouse** conducted by Michel Plasson; Albert Roussel (Tue). Salle Pleyel (4561 0630).

**Paul Kuentz** choirs from Paris and Brest: Mendelssohn, Elias (Tue). Saint-Severin Church (4583 7955).

**Saint-Saens:** Requiem sung by the Roland de Lassus choir with the Orchestre Francais d'Oratorio conducted by Jean-Pierre Lore (Tue). Saint-Roch Church (4261 9326).

### NETHERLANDS

**Amsterdam, Concertgebouw.** Antoni Ros-Marba conducting the Netherlands Philharmonic, with Alexander Rudin, cello: Mozart, Haydn, Schubert (Mon, Tue). (71 83 45).

**Rotterdam, Doelen.** Recital Hall: 17th-century vocal and instrumental music (Mon). Glen Wilson and Stanley Hoogland, fortepiano quatre-mains: Mozart (Thur). (413 2490).

**Eindhoven, Schouwburg.** Radio Wind Ensemble: Dvořák, Janacek, Martinu (Wed). (11 11 22).

### LONDON

**English Chamber Orchestra** conducted by Sir Alexander Gibson and Leeds piano competition winner, with Crispian Steele-Perkins, trumpet. Mozart and Haydn. Barbican Hall (Tue). (638 8891).

### TOKYO

**NHK Symphony Orchestra**, piano, Christoph Eschenbach and Tzimon Barto. All-Brahms programme. Yamaha's Arthur Rubenstein Centennial Concert. Hitomi Memorial Hall, Showa Women's College, Sangenjaya (Mon). (572 3141).

**The Tokyo String Quartet** with Hiroko Nakamura. Haydn and Dvořák. Suntory Hall (Tue). (235 1661).

### NEW YORK

**Carnegie Hall:** Tonkunstler Orchestra of Vienna. Alfred Eschwe conducting, Gail Dobish soprano, Manfred Geyrhalter violin, Raphael Flieder 'cello. Mozart, Beethoven, Weber, Haydn, Johann Strauss, Josef Strauss (Thur). (247 7800).

**Merkin Hall (Goodman House):** New York Woodwind Quintet. Mozart, John Harbison, Malcolm Forsythe, Janacek (Tue); Kurt Weill Festival with the St. Luke's Chamber Ensemble conducted by Julius Rudel (Wed). 67th w. of Broadway (362 8719).

### WASHINGTON

**National Symphony (Concert Hall):** Mstislav Rostropovich conducting. Toch, Mozart, Berlioz (Tue); Catherine Comet conducting, Alexis Weissenberg piano. Bernstein, Elgar, Beethoven (Thur). Kennedy Center (254 3776).

### CHICAGO

**Chicago Symphony (Orchestra Hall):** Sir Georg Solti conducting, Joseph Golan violin. Bartok, Elgar (Thur). (435 8111).

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# Conservative opportunities

THE BRITISH Conservative Party has not been very visible since its overwhelming victory in the general election last June. That is partly because Parliament has not been sitting and partly because the opposition parties have been holding the stage with their inquests into the extent and nature of their defeat.

It is also true that government goes on, regardless. The Prime Minister is always with us, as Mrs Thatcher's recent forays into the inner cities have demonstrated. So, too, has Chancellor Lawson's intervention at the International Monetary Fund in favour of more stable exchange rates. A lot has been happening in foreign, domestic and financial affairs.

Yet politics without Parliament and without the intervention of the back benches of the governing party is always slightly unreal. It looks like executive government, which the British system is not.

This week marks the beginning of the return to reality with the Conservative Party Conference in Blackpool. It is a more important meeting than usual because all the signs are that there is no opposition to speak of and that it is still the Tories who are writing the political agenda. At the same time, however, past experience suggests that, for all its present dominance, the Government could be quite quickly in trouble. Its legislative programme, for example, includes items like the poll tax which are liable to be time-consuming, controversial, full of pitfalls and perhaps scarcely worth the effort. It would not be surprising to see the Conservatives dipping sharply in the opinion polls as the session rolls on.

### Boredom factor

Still, that particular die appears to have been cast. The Government discovered after its election victory in 1983 that it was possible to spend the next two or three years on matters less than crucial and still win again. That could be repeated, but it would be unwise to count on it, for there is always the boredom factor and always the unpredictable element that can blow any government off course.

The Conservative Party's problem today is that it is both government and opposition. The most effective opposition to the poll tax, for instance, will come not from the Labour Party nor from the Alliance but from the House of Lords and from some of the Government's nominal supporters. That is better than having no opposition at all, but it does indicate the need to distinguish the wood from the trees. The poll tax is Mrs Thatcher's leftover baggage. There must be something bigger and better ahead.

### Wider horizons

The opportunities are legion. The British economy is probably better placed than at any time since the war for continued expansion without undue inflation. There is a chance to deal with housing and education policy on a long-term basis. Treasury revenues are sufficiently buoyant to allow both for tax cuts and for more money to be allocated to identifiable areas of need. Even in foreign policy, the Government has the possibility of shaping affairs that did not exist when the economy appeared permanently weak. That goes for the future development of the European Community where the longstanding problems of the common agricultural policy and the Community budget may be coming to a head. It goes also for European defence.

The question is whether the Government and the Conservative Party as a whole can take advantage of these wider horizons. Tory conferences are often said to be so stage-managed as not to matter very much. That was never quite true. They are a two-way process with the faithful passing a message to the leadership and the other way round. This time it matters quite a lot what the message is, for in the absence of opposition, the conference will be a forum of British politics. Will the message be micro, bogged down in detail, gloating in victory or simply rhetorical? It could be better than that, though with the Tory Party one never can tell.

# Nigeria and its creditors

IS NIGERIA asking too much of its creditors? The tortuous saga of the country's efforts to reschedule its multi-billion dollar uninsured trade arrears has reached a critical stage with the recent announcement of proposals for rescheduling over $3.25bn worth of promissory notes issued against the debt.

The Nigerian Government's proposals have provoked an angry response from many creditors for two reasons. The terms of the offers are markedly less favourable than those negotiated last year with export credit agencies for $2.3bn in insured-arrears; and the Government is also effectively repudiating as much as $2bn in uninsured trade arrears whose validity is disputed. When the noteholders meet in mid-November to discuss the offer with representatives of the Nigerian Government, the answers to two critical questions should dictate their response; could better terms be negotiated, and what are the possible consequences of rejection?

### Unsatisfactory delay

It should first be said that the delay in bringing the dispute to a conclusion is thoroughly unsatisfactory. Arrears in trade payments began to accumulate at the start of the decade, when the end of the boom in oil prices saw Nigeria's export earnings plummet. Implementing the agreement, reached in 1984, to meet the arrears through the issuing of promissory notes has been painfully slow. Nearly four years have passed as the authorities in Lagos endeavoured to reconcile claims made by creditors with documents held by commercial banks, importers, and the Central Bank. Creditors suspected that the slow progress may have been deliberate; Nigeria has maintained that it needs to root out the fraudulent claims stemming from dishonest business practices which were so common when the country was earning over $20bn a year from oil, compared with a forecast $6bn or less this year. The onus of proof, however, rests with Lagos and the delay has had serious consequences, particularly for many small and medium scale traders. In the meantime, nearly a year has elapsed since the Government announced last October that it could not meet the original terms of the promissory notes, which have been issued in batches since 1984.

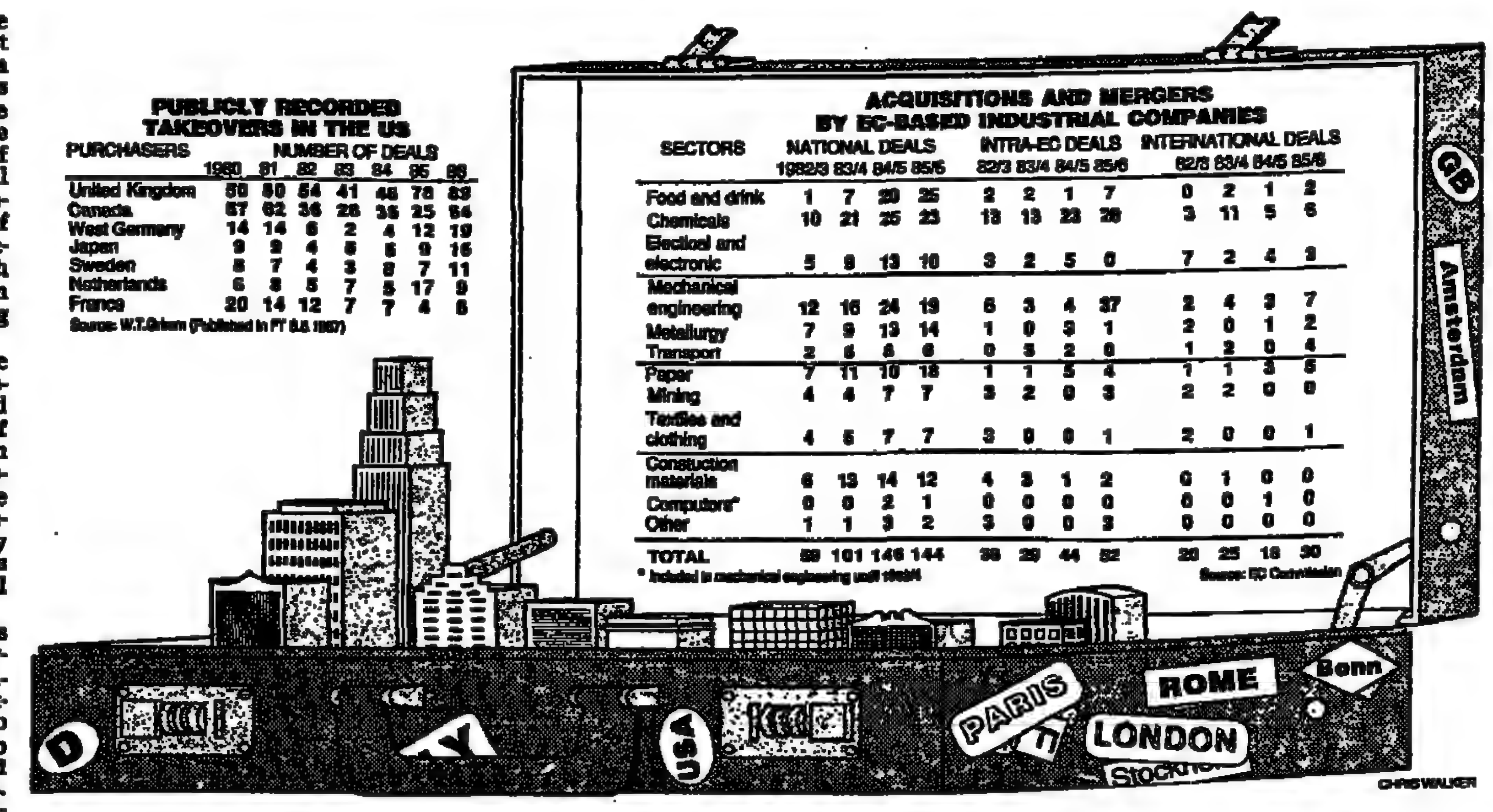
It was against this background that aggrieved creditors and noteholders learnt last week of the terms Nigeria was offering. Contrary to last year's assurances that insured and uninsured creditors would be treated equally, the latter are being asked to accept a far longer maturity, at a 5 per cent rate of interest. That is three points less than the terms offered to insured creditors represented by export credit agencies who have already reached a rescheduling agreement under the auspices of the Paris Club.

### Principle breached

At the same time, Nigeria has said that claims which have not been reconciled—thought to total nearly $2bn—will not be met (although a further $0.5bn worth of notes will be issued in the coming months).

It is a far from satisfactory outcome, breaking as it does the principle of equal treatment for creditors who are party to rescheduling and leaving many companies with legitimate claims unmet. But it may well, on consideration, turn out to be the best the creditors could obtain, if only because it is highly unlikely that Nigeria can afford to offer any significant improvement. It is calculated that the cost to Nigeria of servicing this element alone of the country's external debt of some $22bn will be about $200m next year rising to $320m in 1990—a significant proportion of forecast 1987 export earnings. Assuming unchanged export receipts next year, Nigeria's overall debt service ratio is going to approach 50 per cent. This level will place a severe strain on the Government's capacity to sustain its wide-reaching economic reform programme introduced with the support of the World Bank and endorsed by the International Monetary Fund.

It is undoubtedly unfair that uninsured creditors should be treated less well than the official agencies. Indeed, it might have been much better if the reschedulings under the Paris Club had imposed a greater burden on the agencies, which also rushed headlong into over-exposure in Nigeria. Nevertheless, it remains the case that companies which choose to do business in difficult parts of the world need to assess the risks very carefully before venturing forth without export credit guarantees.




PUBLICLY RECORDED TAKEOVERS IN THE US

| PURCHASERS | NUMBER OF DEALS 1980 | 81 | 82 | 83 | 84 | 85 | 86 |
|---|---|---|---|---|---|---|---|
| United Kingdom | 50 | 50 | 54 | 41 | 46 | 78 | 83 |
| Canada | 57 | 62 | 36 | 28 | 35 | 25 | 54 |
| West Germany | 14 | 14 | 6 | 2 | 4 | 12 | 19 |
| Japan | 9 | 9 | 4 | 5 | 5 | 9 | 16 |
| Sweden | 8 | 7 | 4 | 3 | 8 | 7 | 11 |
| Netherlands | 6 | 8 | 5 | 7 | 5 | 17 | 9 |
| France | 20 | 14 | 12 | 7 | 7 | 4 | 6 |

Source: W.T.Grimm (Published in FT 8.6.1987)

ACQUISITIONS AND MERGERS BY EC-BASED INDUSTRIAL COMPANIES

| SECTORS | NATIONAL DEALS 1982/3 | 83/4 | 84/5 | 85/6 | INTRA-EC DEALS 82/3 | 83/4 | 84/5 | 85/6 | INTERNATIONAL DEALS 82/3 | 83/4 | 84/5 | 85/6 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Food and drink | 1 | 7 | 20 | 25 | 2 | 2 | 1 | 7 | 0 | 2 | 1 | 2 |
| Chemicals | 10 | 21 | 25 | 23 | 13 | 13 | 23 | 20 | 3 | 11 | 5 | 6 |
| Electical and electronic | 5 | 9 | 13 | 10 | 3 | 2 | 5 | 0 | 7 | 2 | 4 | 3 |
| Mechanical engineering | 12 | 16 | 24 | 19 | 6 | 3 | 4 | 37 | 2 | 4 | 3 | 7 |
| Metallurgy | 7 | 9 | 13 | 14 | 1 | 0 | 3 | 1 | 2 | 0 | 1 | 2 |
| Transport | 2 | 6 | 6 | 6 | 0 | 3 | 2 | 0 | 1 | 2 | 0 | 4 |
| Paper | 7 | 11 | 10 | 18 | 1 | 1 | 5 | 4 | 1 | 1 | 3 | 6 |
| Mining | 4 | 4 | 7 | 7 | 3 | 2 | 0 | 3 | 2 | 2 | 0 | 0 |
| Textiles and clothing | 4 | 5 | 7 | 7 | 3 | 0 | 0 | 1 | 2 | 0 | 0 | 1 |
| Constuction materials | 6 | 13 | 14 | 12 | 4 | 3 | 1 | 2 | 0 | 1 | 0 | 0 |
| Computers* | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Other | 1 | 1 | 3 | 2 | 3 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| TOTAL | 59 | 101 | 146 | 144 | 38 | 29 | 44 | 82 | 20 | 25 | 18 | 30 |

* Included in mechanical engineering until 1983/4

Source: EC Commission

Cross-border mergers in Europe

# Hard in practice, but unavoidable

By Guy de Jonquieres

CARLO DE BENEDETTI, the ebullient Italian industrialist and financier, must have felt a twinge of irony when he was summoned to the Elysee Palace last summer. Not only was he invested with the Legion of Honour, France's highest civil decoration, but President Francois Mitterrand made a point of congratulating him on the recovery of Valeo, a French vehicle components maker in which he has a controlling interest.

Just months earlier, Mr de Benedetti's bid for the financially troubled Valeo had stirred up a hornet's nest of official displeasure in Paris. In a ham-fisted display of xenophobia, Edouard Balladur, the Finance Minister, tried unsuccessfully to block the deal by declaring the automotive parts industry vital to national defence.

The *volte-face* not only marks a break with a tradition of government hostility towards unsolicited foreign direct investment, which dates back to President de Gaulle, it is also a telling symptom of a marked shift in European attitudes. Suddenly, cross-frontier acquisitions and mergers are no longer a forbidden activity. Obstacles and inhibitions which have for decades discouraged companies from buying their way into each other's home markets are starting to crumble, unleashing a series of deals.

Among the latest is the SKr 30bn (£2.9bn) merger agreed last month between Asea of Sweden and Brown Boveri of Switzerland, two of Europe's largest electrical engineering companies. In telecommunications, France's CGE purchased control of the European businesses of ITT of the US for $1.5bn (£909m) last year, while in cars Volkswagen of West Germany is paying DM 1.3bn (£435m) for 75 per cent of Seat of Spain.

On a more modest scale, DAF of the Netherlands recently took control of Britain's state-owned Leyland trucks business, while Thomson of France bought the consumer electronics operations of Britain's Thorn EMI. In the last month, two bids have been launched from either side of the Channel involving stockbrokers and insurance companies in Britain and France.

And then, of course, there is the rise of the south, exemplified by Mr de Benedetti and his fellow Italian, Raul Gardini, head of the Ferruzzi sugar and food group. Both have assembled business empires at high speed through a series of daring corporate acquisitions, and investments at home and in several other European countries.

Official statistics lag behind the fashion: the European Commission's most recent figures are for 1985-86. But even they show a steady rise in cross-frontier takeovers and mergers, with the European Community's 1,000 largest companies reporting a total of 52, up from 38 in 1982-83. The most active sectors were chemicals and mechanical engineering.

The surge mirrors a more universal trend. In much of the industrialised world, buoyant financial markets, renewed enthusiasm for share ownership and strong corporate liquidity have made it easy to finance takeover bids. In several European countries, domestic activity is running at historically high levels, while the decline of the dollar has added impetus to foreign acquisitions in the US, with British companies leading the charge from Europe.

Some businessmen, notably Mr de Benedetti, have seized on these favourable conditions specifically to buy up companies across Europe. However, for most companies, trans-European acquisitions are just one facet of wider international expansion strategies. Many large industrial companies, including Philips, the Dutch electronics group, and Bayer, the West German chemicals concern, also say that building a bigger US base remains their top strategic priority.

Among the most powerful motives for European takeovers is a quest for economies of scale. It is no coincidence that many of the most recent deals have been in electronics, a brutally competitive sector where rapidly escalating development costs, tighter profit margins and the need to straddle a steadily widening range of technologies are forcing companies worldwide into alliances and mergers.

A second, related, element is huge excess capacity in many manufacturing industries, including steel, motor cars, white goods, semiconductors and telecommunications equipment. Again, this is a worldwide phenomenon, but it has been exacerbated in Europe by the perpetuation of archaic industry structures, fragmented along national lines, which has bred many sub-scale marginal suppliers. For a growing number, the bleak choice is to sell up or get out.

"People have been flying in the face of economic reality for years in Europe, they have been operating totally uneconomic industry structures," says Sigurd Reinton, a director of McKinsey, the international management consultancy. Ossification has been particularly prevalent in Mediterranean countries, he notes, offering "ripe pickings" for predators.

These factors distinguish the current wave of cross-frontier deals from the trans-European mergers of the 1960s and 1970s — among those involved then were Hoesch-Hoogovens in steel, Dunlop-Pirelli in rubber and VFW-Fokker in aerospace. The earlier moves came against a background of strongly rising demand and were mostly founded on the premise that, by pooling capital and productive resources on a basis of equality, companies could gain greater international weight. In practice, 1+1 rarely added up to more than 1½ and many of the ventures disintegrated.

Little is heard now, in manufacturing industry at least, of the "synergy" arguments in vogue at that time. The most common rationale today is to gain market share. Many companies seem to have concluded that this can be achieved more quickly and cheaply by absorbing or eliminating weak competitors in over-crowded sectors, than by investing to set up their own facilities from scratch.

Moreover, increased efficiency tends to command a higher priority than sheer size. Companies such as Electrolux of Sweden and Thomson of France, which have expanded rapidly through trans-European takeovers, have drastically streamlined and restructured many of their acquisitions to eliminate duplication of effort and poorly performing assets.

That they have been able to do so is due both to hard-headed management tactics and to a more accommodating political climate. Many governments which once jealously protected "strategic" companies and sectors from foreign competitors — sometimes at great cost to taxpayers — have concluded that such policies either do not work or are beyond their means.

Official dirigisme—often inspired by ambitious blueprints for what national economies should look like rather than by the commercial interests of the companies concerned—is yielding in much of Europe to more of a hands-off approach, which allows freer play to market forces and managerial judgment.

The most striking result is the spread of privatisation. Even in countries such as Italy and Spain, which still defend the thesis of extensive public ownership, financial and economic pressures are forcing change and creating opportunities for corporate investment. For instance, INI, the Spanish stateholding company, decided to sell Seat to Volkswagen because the loss-making company stood little prospect of becoming viable on its own.

Simultaneously, some markets are being opened more widely to competitors from abroad. Both the British and French governments now accept, albeit in varying degrees, that keener international competition at home can be a healthy spur to the performance of domestic industries, both private and state-owned.

Many experts believe that the shake-up in Europe's industrial structure, impelled by cross-frontier takeovers, is still in its infancy and that the process will hasten the removal of internal trade barriers in the EC. However, it would be premature to conclude that the way is clear for the creation of truly pan-European companies — or that all the recent deals will achieve their goals.

Plenty of obstacles remain. At a political level, the "national champion" psychology can still intrude, as shown by the British Government's refusal last year to sell the BL (now Rover) car group to Ford of the US and by Italy's current efforts to build a world-scale telecommunications industry through state-backed domestic mergers.

Political calculations also weighed heavily in the protracted auction of CGCT, the French state-owned telecommunications group. Sweden's L. M. Ericsson finally triumphed over American Telephone and Telegraph and Siemens of West Germany, largely because Paris feared that to have sold CGCT to either of the other bidders would have sparked an international row.

In the Netherlands, in spite of the Governments professed commitment to international free trade, public companies can fend off unwanted takover bids by issuing shares selectively to "friendly investors—a practice which would be prohibited on the world's major stock exchanges.

In addition, national divergencies in company law, disclosure requirements, accounting rules and tax policy make for complexity and expense. It is still legally impossible for two Europena companies to merge across borders and keep their separate nationalities. Either one must assume the nationality of the other, or a holding company must be set up to own them both. In the former case, the acquirer may be required to liquidate the assets of the acquired and pay tax on the imputed gain.

"You have to work five times harder to complete a deal in Europe than in the US," says Michael Bottenheim, a director of Lazards, a London merchant bank.

The EC Commission is trying, so far unsuccessfully, to get governments to simplify the rules by agreeing on common standards. It is also seeking the right to vet cross-frontier acquisitions and mergers. The response from governments and large companies has been distinctly unenthusiastic: the former are reluctant to cede authority to Brussels, while the latter fear bureaucratic interference and long delays.

Even when all the procedural hurdles have been negotiated, other problems often lie in wait. The rationalisation measures which are vital to making many takeovers work can sometimes arouse deep local hostility, particularly when large job losses are involved.

Olivetti, the Italian office equipment company, has found it hard to recruit West German managers to run Triumph-Adler, the loss-making Nuremberg typewriter maker which it purchased last year. "German managers who lay off staff at foreign-owned companies fear that the unions will make them marked men for the rest of their careers," says an aide of Mr de Benedetti, Olivetti's chairman.

Jacques Calvet, chairman of the French Peugeot car group, which merged with Citroen and Talbot, warns that integrating management styles, product ranges and computer systems is "a super-human task. It's a lot easier to build one or two new plants than to merge two different companies."

Furthermore, some companies which have obtained a broad-based European presence have found it difficult to optimise economies of scale by concentrating production in one plant. GKN of Britain, for instance, says it has seven drive shaft factories scattered across Europe, largely because European car makers insist on having supply sources close at hand. In the US it has two, both more than 1,000 miles from Detroit.

So are trans-European acquisitions really worth the effort? A growing number of companies would argue that they have no choice but to make these deals if they are to survive and grow in intensely competitive world markets.

But a more considered judgment may have to wait until the rationalisation measures envisaged as part of many of the deals begin to show results, and the bull-market psychology subsides.

*Previous articles on this theme appeared on September 9 and 18. Starting next week, the Management Page will feature a series of case studies examining the trans-European strategies of medium-size companies.*

HONG KONG, October 4

## High rollers and hairy crab

Just this week, autumn has waited over Hong Kong, with clear skies and cooling breezes sweeping away the sultry, suffocating heat of the summer months.

But more concrete events also mark the autumnal transition.

The racing season has begun with officials still smarting from a race-fixing scandal last year that tarnished the reputation of the British territory's gambling monopoly.

On the first meeting of this season, local gamblers wagered HK$311.6m—which amounts to an average of more than HK$60 per man, woman, and child in the territory.

Also, the prized "Shanghai hairy crab" has begun to arrive in leading restaurants.

The autumn harvest of these fresh water crabs, flown in live from the lakes along China's Yangtze river, is regarded as the high-point of the culinary year by many local gourmets. Last year, the territory's 5.5m people consumed 121 tonnes of them.

Another striking marker of the onset of autumn is the outburst of red and blue Taiwanese flags in the numerous anti-communist enclaves dotted around the territory.

Observers wonder how long these gallant but futile gestures of defiance can possibly continue, since Hong Kong will be part of Chinese sovereign territory in less than 10 years' time.

It is hard to imagine a Peking-appointed governor being tolerant of such sentiments.

Mainland Chinese officials and supporters, for their part, splash colour over their normally-drab buildings on October 1—the day the communists overthrew the Kuomintang government in 1949.

# Men and Matters

## Wilson and reform

This all provides a fitting context for the end of a summer-long debate on political reform in Hong Kong, which has been dubbed a "great debate" by some, and an irrelevance by others.

Thousands of serious-minded people in the territory have striven over the summer to mobilise public opinion either in favour of rapid progress towards a democratic form of government, or in favour of maintaining the status quo until Chinese officials drafting Hong Kong's post-1997 constitution have provided guide lines for political development.

Efforts to excite public interest have not been aided by a discussion document about as lucid and digestible as the small print on a hire purchase disclaimer document.

Nevertheless, when the deadline came on September 30 for written views to be submitted to a specially-created survey office, more than 120,000 submissions had been received.

Quite how this pottage of divergent views is going to be digested by the survey office is unclear.

Some light is likely to be shed on Wednesday, when Sir David Wilson, Hong Kong's governor, opens the new session of the legislative council, the territory's supreme law-making body, with a "state of the nation" speech that is certain to discuss the issue of political reform.

## Bed roll

In spite of its tiny size, Hong Kong has several remarkable claims to fame—such as being the world's leading garment exporter, consuming more Cognac per capita than any other community, having more Rolls-Royce per head of population than anywhere else in the world, and being the United States' main export market for oranges and eggs.

But a new and remarkable claim was made last week when the monthly Business Traveller magazine voted four local hotels into its list of the ten best hotels in the world.

A week earlier, the American magazine, Institutional Investor, placed three Hong Kong hotels in its top ten.

Most pleased with itself must be the Mandarin, which has managed to maintain absolute loyalty from its clients despite a year-long refurbishment programme and major road-works on its front door.

It was voted number one by Business Traveller, and number four by Institutional Investor.

The survey obviously passed by New Zealand's most famous soprano, Kiri Te Kanawa, who walked out of the Mandarin early this year because street noise made practising impossible.

She moved into the Hilton—which perhaps unfairly is ignored by both magazines.

Similarly pleased must have been the Peninsula, which has fallen out of favour in recent years as its age has started to tell.

However, its own refurbishment programme, which involves some dazzling bedside electronics, seems to have rallied support. It scraped in tenth with the Institutional Investor, and leapt to fourth according to Business Traveller.

Oddly, the hotel that many Hong Kong people regard as the best in the territory — the Regent — was completely ignored by Business Traveller. There was comfort for the hotel, however, in its elevation to second place by Institutional Investor.

No disrespect to the Holiday Inn and the Hong Kong Hotel, which managed seventh equal according to Business Traveller.

## Market pitch

This week, the Hong Kong stock exchange takes an unprecedented US$1m "road show" to New York, with chairman Ronald Li convinced that if America's major institutional investors only knew more about the gems that stud the exchange, they would be pouring many more millions of dollars into the Hong Kong market.

Quite why he is so eager to boost foreign investment, at a time when stock market turnover is at record levels, more than 10 times the average turnover of early 1986, is a conundrum.

Except perhaps that the stock exchange finds itself bursting at the seams with cash, and sees the roadshow as a worthwhile way of using some of it up.

Why the windfall?

When the new unified stock exchange was established in April last year, it negotiated a 0.025 per cent levy on turnover for exchange running costs. That was calculated on an assumption of daily turnover reaching HK$200m.

For much of this year, however, turnover has averaged more than HK$2bn, and on Friday last week reached a record HK$5bn.

The result is earnings for the stock exchange so far this year of HK$145m. In this context, a mere US$1m used touting the exchange's wares in New York might be seen as a windfall well spent.

## Fun flotation

One of the wares Li may be keen to excite the American institutions about is Club Volvo, in Kowloon's girly-bar district, which had decided to seek a listing on the exchange in November.

Loretta Fung, a majority shareholder in Club Volvo, said on first news of the planned flotation: "We could have raised the money by phoning a few people up. But Li said it would be much more fun to do it through a public flotation."

Institutional investors in post-Boesky Wall Street will doubtless be pleased to hear that stock market operations in Hong Kong are fun.

But beware. It may yet be that Hong Kong's not-so-fun-loving regulators block the flotation on the grounds of public interest.

**Observer**

**Samuel Brittan** looks at the Lawson and Baker proposals at the IMF

# An anchor for world money

THE ATTEMPT at managed floating began in earnest with a perception by governments that the dollar was too high in 1985. This led to the Plaza Agreement of September that year which said just that.

It was given a new lease of life in 1987 by the opposite fear that the dollar would fall too low. The response was the Louvre Accord this February which endorsed the existing pattern of exchange rates.

In fact the hard core agreements have been among a Group of Three—the US, Japan and West Germany.

Stabilisation efforts among these three have had to involve *de facto* target zones—ie understandings about the limits of the dollar's fluctuations against the D-mark and the yen, and by inference of these last two currencies against each other.

Although Britain has not been central to the arrangements, Mr Nigel Lawson, the British Chancellor, has used them to his purpose.

Following the oil price fall of 1986, sterling was allowed to depreciate, but not as much as the dollar. In 1987 the Louvre Accord has been used as a basis for keeping sterling within a narrow band against the D-mark without having to overcome the longstanding reluctance of Mrs Margaret Thatcher the British Prime Minister, to join the European Monetary System.

The proposals of Mr Lawson at the IMF in Washington last week amount to:

(a) formalising and eventually publishing the target zones; and

(b) combining them with what is known in the jargon as "crawling peg."

The practical point is that if the centre of one of the bands is moved, then, to quote Mr Lawson, "Adjustment should be made by moving the mid-point within the confines of the existing range."

Currency speculators are thus deprived of a one-way bet.

Central bankers dislike the Lawson ideas not because of any principled belief in floating, but because they want to be free to use their own discretion without precommitment.

But if the idea is to provide business with a known exchange rate framework, semi-private mutterings are hardly the best procedure.

The true reasons for anxieties about target zones are different. The apparent extremes of free floating and genuinely fixed exchange rates both have the great advantage of taking exchange rates out of politics. By contrast, any form of managed floating presupposes both that governments have the knowledge to determine appropriate exchange rate ranges and can agree what these should be. Above all they must be prepared to take the domestic action required to maintain them.

Intervention on its own is not enough and can indeed be inflationary. The US will not be able to keep the dollar within any supposed target zone unless the Fed is willing and politically strong enough to raise interest rates when the dollar threatens to fall below the range. The West German and Japanese central banks would have to be willing to reduce interest rates if the D-Mark or yen threatened to rise above the range.

The Chancellor said that there were not enough long-term speculators to prevent massive overshooting of rates under free floating. But in that case there is nothing to stop governments and central banks from assuming the role of stabilising speculators, saying so and making money for themselves in the process.

The dollar purchases made during the dollar support operations of 1978-79 and the dollar sales made around the time of the Plaza proved highly profitable. On the other hand there is a clear downside risk of losses in the dollar support operations of 1987.

Apart from overshooting, there are two main reasons why floating exchange rates have fallen from intellectual favour:

(a) fewer people now believe that governments can spend their way into high real rates of growth and employment. Thus the joys of removing the exchange rate constraint on growthmanship are no longer what they were.

(b) balance of payments deficits are now seen to be rooted in the gap between domestic savings and investment, with the exchange rate occupying a more subsidiary role.

Given both of the above the world might as well have the benefit of fixed exchange rates between the main currencies, which, if continued long enough, approximate to those of a global currency with all the obvious saving of transaction costs and forward risks.

Interestingly enough Karl Otto Poehl (the Bundesbank President), pointed the way to a much simpler alternative for Britain. He said that the objective of monetary policy must remain the defeat of inflation rather than the management of exchange rates.

Why not just say: "How right you are Karl Otto" and link sterling to the D-Mark as much the most likely recipe for low inflation in Britain, whether through the EMS or directly.

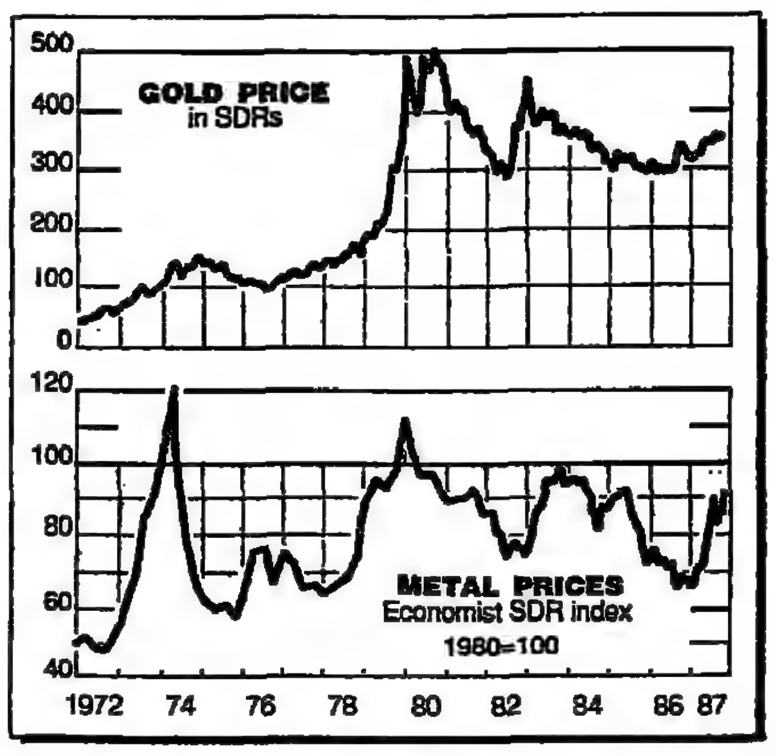
To be fair, both the US Treasury Secretary and the British Chancellor showed themselves fully aware of the danger that a worldwide target zone system would have an inflationary bias without an anchor to tie it down. The most interesting part of Mr Lawson's speech was not his exposition of target zones, but his explanation of the need for some nominal indicators for the Group of Seven taken as a whole.

He suggested three possibilities: a nominal GDP objective for the group, an inflation objective, or some link between monetary policies and world commodity prices.

The Nominal GDP objective provides the best ultimate assurance against both inflation and deflation. But it is plagued by the need to rely on economic forecasts. A pure inflation rate objective has all the problems of Nominal GDP plus a good many more of its own and is an inadequate anti-recession safeguard.

Commodity prices have the advantage of being a spot indicator available on a daily basis. It should, moreover, be possible to distinguish between underlying trends in the terms of trade of commodity producers and inflationary or deflationary deviations.

Mr Baker is quite right in including gold among the commodities to be monitored. It is time the English-speaking economic establishment abandoned the hubris of dismissing gold as a barbaric relic and looked instead at the evidence.




The charts suggest that, once gold had got over the immediate impact of President Nixon's unplugging of the official price, it was not a bad signal of inflationary trends such as those of 1979-80. It also provided some warnings about the inadequate recovery of the mid 1980s. Visual inspection suggests that other metal prices were a somewhat better indicator, but not the neglect of gold. Both indicators tend to be exaggerated during periods of political tension, such as the fall of the Shah in 1979.

Target zones may or may not have a transitional role. The ultimate objective should, however, be to link sterling to the D-mark and to link world currencies to something more real than the promise to exchange one piece of paper against another.

# In Chernobyl's shadow

**David Fishlock** on an international bid to make nuclear plants safer

OBSCURED by the excitement surrounding arms control talks in Washington, the Soviet Union has made a major gesture towards western public opinion on the almost equally vexed subject of nuclear power. It could prove to be a vital element in international efforts to allay fears over the safety of nuclear reactors raised by last year's Chernobyl disaster.

In the 18 months since the nuclear explosion in the Ukraine, the relevant authorities of the East and West have convinced themselves that the hapless RBMK reactor was of a flawed design unique to the USSR and that it was operated in an unbelievably negligent way.

But what if the same negligence were to lead to a major accident in a Soviet VVER, Comecon's version of the West's pressurised water reactor (PWR) which accounts for over half its reactors?

At the international post mortem on Chernobyl in Vienna a year ago, the Soviet admitted grave errors in RBMK operation as well as design. They also pinpointed faults in their training and safety philosophy. Design changes would be made, they said—some promptly, while others would take up to three years.

Senior Soviet officials have since been tried and sentenced for their part in an accident, which killed 31 people. But what the Soviet Union has not done is to convince the rest of the world—its own Comecon satellites included—that it has established a credible "safety culture" in its nuclear activities.

This now seems to be its aim, for it has taken the unprecedented step of inviting an international team to visit a 1,000 megawatt VVER and see at first hand just how its safety and operating procedures—past as well as present—compare with those in other countries.

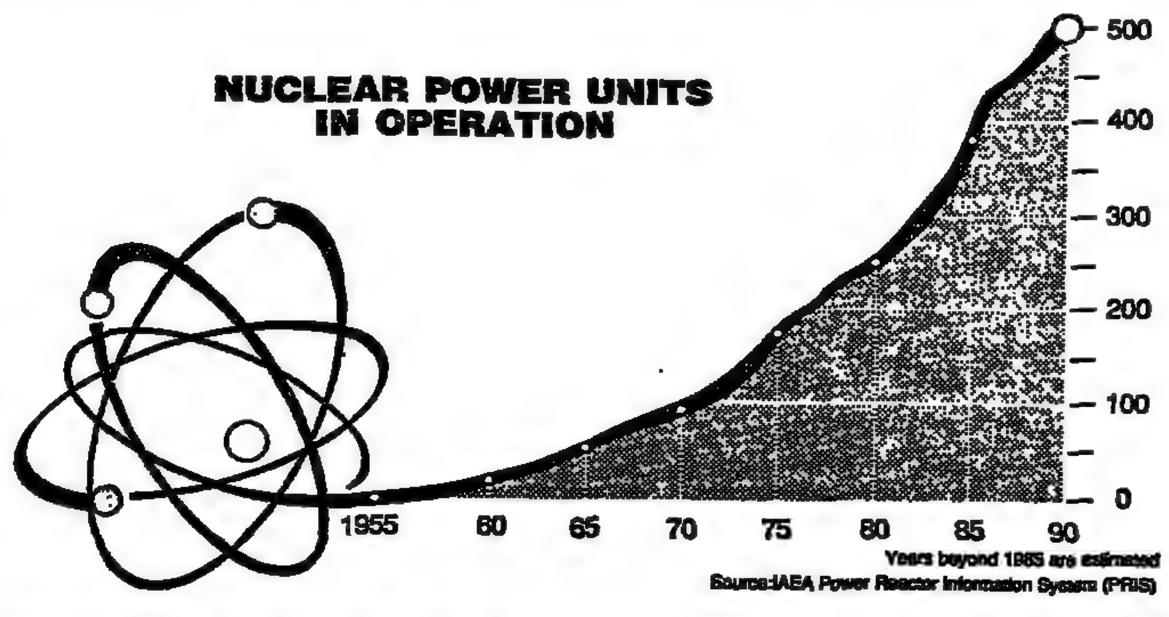
The three-week visit, to a chosen power station, will probably be made next summer by a team of about a dozen experts in various aspects of reactor management. The job of this body, called an operational safety review team (OSART), will be to audit the routine of the station since it came into service. It will explore the reactor's planning, and question how it would cope with unusual events, including accidents.

In short, an OSART is a full-scale review of the overall safety strengths and weaknesses of a nuclear plant. It is made up of people who are highly experienced in a great diversity of similar situations. But it is not to be confused with teams involved with international inspections of nuclear facilities under the safeguards programme, although both kinds of body come under the aegis of the International Atomic Energy Agency in Vienna.

Under the terms of the Non-Proliferation Treaty of 1969, safeguard inspections verify that materials from nuclear power operations have not been used illicitly to make weapons. These checks are made by the IAEA's own inspectors.

OSARTs are a more recent invention of the agency's safety division. They started life in 1982 to check, in particular, the safety of reactors in developing countries. OSART teams are hand-picked for each visit, with the conscious aim of exchanging knowledge and experience.

The idea is to produce eventually an international consensus on what is good nuclear safety and operating practice. The IAEA's safety division, headed by Mr Morris Rosen, has carried out 23 OSART inspections, mostly in Western Europe. This summer a team visited the Calvert Cliffs PWR in the US. Led by a West German and including Bulgarian and Hungarian observers, the team came up with about 20 recommendations, but nevertheless rated Calvert Cliffs one of the best plants the programme has audited.




OSART is an expanding programme in an agency otherwise restricted by shortage of cash. There have been 11 inspections in the past year.

Next year Mr Rosen believes he may manage 15 visits, among them the first Soviet OSART announced by Academician Andronik Petrosyants, chairman of the Soviet state committee on the use of atomic energy. Mr Rosen says the first Soviet OSART will probably be at the Ukrainian 1,000-MW VVER at Zaporozhe, to help placate regional opinion on nuclear energy after Chernobyl.

Bulgaria, Czechoslovakia and Hungary have also invited the agency to visit Soviet-designed VVERs of both 1,000 MW and 440 MW.

Meanwhile, Mr Cecil Parkinson, Britain's Energy Secretary, has invited an OSART to visit one of the UK's Magnox stations, probably towards the end of next year.

"I believe it is one of the best programmes we have going," Rosen asserts. He would like to establish a "steady state" of about 15 OSARTs a year.

The cost is not high. The IAEA meets the bill for travel of up to $30,000 per visit, and the host nation picks up a similar bill for hospitality. The question, says Rosen, is whether host countries will recognise the value and keep repeating invitations.

For Mr Hans Blix, the agency's director-general, the current popularity of OSART visits is the most tangible consequence of the Chernobyl explosion. He believes an OSART fulfills a genuine need for a second opinion on safety practice, and points to countries requesting second and even third visits.

Some—including China—have requested a pre-OSART, or audit of a reactor before it enters service. Mexico had one such visit this year to assure itself that a reactor under construction for 20 years met modern safety requirements. Next month, on a visit to Cuba, Mr Blix may persuade the country to agree to a pre-OSART for the 440-MW VVERs it is building.

# Letters to the Editor

## The Japan problem

*From Mr Moorhouse MEP*

Sir,—In his Economic Viewpoint (September 24: "Hysteria in perspective"), Mr Martin Wolf launches a spirited assault on a recent Conservative Political Centre pamphlet of which I am co-author. The pamphlet, to his obvious displeasure, is audacious enough to express grave concern about the scale of Japan's current account and trade surpluses ($94bn and $101bn respectively for the fiscal year 1986-87), and to propose practical measures which Europe might take to contain its own $21bn (and growing) bilateral deficit with Japan. "In a multilateral economy," Mr Wolf writes, "concern over bilateral imbalances makes no sense." Therefore the "Japan problem" does not exist.

Accused of displaying an "essentially mercantilist vision," I am left asking several questions about Mr Wolf's alternative world views.

On what grounds are opinions which Mr Wolf himself concedes are "shared by most of the policy-makers in the EC and the US" who deal with Japan to be dismissed as mere "hysteria"?

If Japan's surpluses matter so little (they are the largest ever recorded in human history), is there any level whatsoever at which they would begin to become intolerable?

If bilateral imbalances are irrelevant, how is the world free-trade system going to survive when the two largest trading blocs (the US and Europe) start to doubt whether that system any longer serves their basic interests?

If Japan's ratio of imports to exports "is not so low," as Mr Wolf claims, is he completely relaxed about the fact that, (a) at 2.4 per cent of GNP, Japan's imports of manufactures are actually the lowest among industrialised nations, (b) EC countries and the US import between eight and ten times as many manufactures as Japan, and (c) Japan's total exports remain at their highest level ever (averaging Y52.95 trillion per quarter in the first half of 1987, compared with Y52.5 trillion per quarter last year), with exports to the EC up around 5 per cent?

Does Mr Wolf seriously believe that Japan developed its current trading prowess by espousing open-market free-trade theories in the 1960s and 1970s, or does he agree with the MITI Minister who said in 1970 that "if the Japanese economy had adopted the simple doctrine of free trade it would almost permanently have been unable to break away from the Asian pattern of stagnation and poverty?" Who are the mercantilists now?

Does Mr Wolf believe that his own intervention in attacking so vociferously critics of Japan's trading practices actually serves western interests, or might one be forgiven for thinking that they suspiciously resemble the Japanese position cleverly concealed in Wolf's clothing?

James Moorhouse,
*14 Buckingham Palace Rd., SW1*

## Pensions and capital

*From Mr B. Jamieson*

Sir, — I was surprised to read Mr P. Chappell's letter on September 30. Although it comes from the Association of Investment Trust Companies he appears not to be aware of regulations regarding pensions.

He queried the present system where a senior manager on a salary of £100,000 per year contributing 40 per cent into a pension fund would obtain tax relief of £24,000 per year. Unless he was a director of the company, when separate rules are available, he would only, under present legislation, be allowed to contribute 17½ per cent of his pay into a pension scheme. This would amount to £17,500 which at the highest marginal rate of tax of 60 per cent would give tax relief of £10,500 a year.

I cannot see any objection to allowing tax relief for pensions particularly if it relieves the burden on the state. I also think that his comment that one man's tax privilege is another man's tax burden is extremely controversial because if as a result more investment is made the percentage of tax take should as a result come down. The theory of this is that by allowing people to have a higher percentage of their pay to keep this will then either be invested or saved thus injecting more money into the economy.

I appreciate that not everyone will agree with this view but I believe it is worthy of serious consideration nevertheless.

B. G. W. Jamieson,
Vanderbilt Investments and Financial Planning,
*69 London Road,*
*Bognor Regis, Sussex.*

## The state of the railways

*From Mr R. Bonwit*

Sir,—One must hope that the thorough investigation of Network SouthEast (October 1) will shake the complacency of our Government about the backward state of our railways. Compared to the Continent and Scandinavia, Britain has become an underdeveloped nation as far as railways are concerned.

Many of the strictures in the Monopolies and Mergers Commission report on rail travel in the south-east would probably be endorsed by similar inquiries into other parts of the country. We have only electrified a small proportion of our lines, many traction units remain underpowered or are not an adequate substitute for electric traction in dense timetabling conditions.

Carriage door "outboard" handles are an antediluvian device; fare systems require the possession of hand-held computers by both booking clerks and passengers and the deployment of staff fails to maximise effective output per employee (despite savings on tasks which should not remain understaffed). We have too many dirty carriages because too many members of the public regard our railways—their railways—as a convenient dustbin.

The difference in technical and maintenance standards will become glaring if we ever get Channel tunnel trains going in earnest.

The Government is always ready to argue that adequate financial support for railway modernisation and upkeep cannot be afforded because the money is needed for more urgent tasks. Meanwhile we spend about £2m a year on "blandishments" for the business motorist.

Ralf Bonwit,
*Sorby, Kiln Lane,*
*Binfield Heath,*
*Henley-on-Thames.*

## A modern serfdom

*From Mr N. Gordon-Smith*

Sir,—I am unable to agree with Samuel Brittan's assertion (October 1), that a rich society should pay people who decide to "opt out," and increase their admittedly limited allowances as the nation gets wealthier.

Despite the impression given by Mr Brittan's article, "society" does not have an autonomous existence; it is made up of individuals. The word is a useful shorthand term, and not a substitute for the reality it describes. To claim that individuals have obligations to others solely on the basis that they inhabit the same country is to endorse collectivism, for there is no other justification. Moreover, establishing an automatic right to the property of others via tax funded benefits means that taxpayers are obliged to spend much of their time working to support recipients: a modern form of serfdom, albeit to the benefit of the less well off. In effect, the individual no longer exists for his or her own ends, but as a means for someone else's.

A guaranteed income for all, regardless of need or willingness to work, would encourage and reward parasitism, and promote legalised theft and the trend towards totalitarian democracy at the expense of individual liberty.

Nicolas Gordon-Smith.
*3 Rectory Close,*
*Windsor, Berkshire.*

## Exchange rate stability

*From the Director, Economic Affairs, Confederation of British Industry.*

Sir,—It is encouraging to see (October 1) the Chancellor of the Exchequer putting forward proposals at the IMF meeting aimed at maintaining stability among the world's exchange rates. Exchange rate fluctuations have been a major source of concern to the business community during the 1980s and the CBI has consistently campaigned for more stability. Hard-won gains in efficiency can be wiped out almost overnight by adverse movements in exchange rates. A survey of finance directors conducted by the CBI earlier this year confirmed the significance that business attaches to a stable pound at a broadly competitive level.

We will have to wait to see what the detailed proposals being put forward by the Chancellor are. But if they do succeed in keeping sterling stable around current levels, this will further encourage companies to re-enter markets and invest for Britain's future prosperity.

John Caff.
*103 New Oxford St WC1*

## Bobos gaining ground

*From Mr M. Brackenreed Johnston*

Sir,—Mr Rombach (September 28) claims to have discovered the existence of yet another strange incubus inhabiting the City's financial institutions — the Yeti. They, and their equally painful cousin, the Yuppie, from whom they are virtually indistinguishable, have been with us for years.

Some readers will be pleased to learn that these depressing influences can, are being, and will continue to be, exorcised by that ringmaster of them all the Bobo — Burnt out but opulent.

Mr Rombach, relax.

M. W. Brackenreed Johnston,
*Cherrycroft,*
*Holbans,*
*Broad Oak,*
*Heathfield, Sussex.*

# FINANCIAL TIMES

Monday October 5 1987



Roderick Oram on Wall Street

## Shopping around for a short sell

SPECULATORS making the biggest short-selling play that Wall Street has seen in decades face a test of their nerve this week when their target, Home Shopping Network, announces its year-end results.

A full quarter of the publicly-held stock of the Florida pioneer of retailing through phone-in television shows has been sold short by speculators who do not own them. They hope to profit by delivering shares they buy more cheaply later, assuming the stock price falls.

The company is convinced that it is the victim of a year-long series of vicious campaigns by some short sellers to drive down its stock price and it recently asked the Securities and Exchange Commission and the American Stock Exchange to investigate. In a rare move late last week, the exchange reminded brokerage firms of sellers' delivery obligations.

During a previous short-selling wave back in January, Home Shopping Network turned the tables on speculators by triggering a "short squeeze." After announcing plans to make two major acquisitions, its shares zoomed up 77 per cent in three days as people scrambled to cover their short positions.

The share price collapsed later when the management failed to consummate either deal and reported very poor interim results. From a May 1986 issue price of $3 a share, adjusted for subsequent splits, the stock has soared to $47 and crashed to $10¼.

As much as the management might love to unleash another short squeeze, it has been sticking by its modest year-end results forecasts. The "worst-case scenario" will be break-even on sales of around $600m, Mr Joseph Connolly, chief financial officer, repeated on Friday.

This is a far cry from the spectacular hopes the company was generating as sales and profits exploded in the year or so after it went national with its television retailing in July, 1985.

From studios in Clearwater on Florida's west coast, it pumps out shows 24 hours a day, seven days a week over its networks of cable and broadcast television stations. Hosts present a never-ending stream of discount goods to viewers who call in their orders on toll-free numbers.

Since going public, the company has accumulated heavy debts buying up stations. Its networks reached 45m homes in May, according to its nine-months months results, and the number of Home Shopping Club members - people who made at least one purchase - had risen to 1.9m from 1.5m three months earlier.

But the rapid expansion has failed to pay off. Sales have been stagnant since the second quarter and slim profits had turned into losses by the fourth quarter. The company blames its problems on GTE, its supplier of telephone equipment and long-distance service.

It filed a $1.5bn suit 10 days ago claiming its GTE systems lost 50 per cent of its incoming calls. GTE denies the allegations.

Critics charge, however, that shopping by television is nothing but a fad and purchases by new members fall away rapidly as the novelty wears off. Although home shopping has grown at about 12 per cent a year this decade, and is forecast to account for some $65bn of the US's $1,700bn of retail sales this year, the vast bulk is from mail-order catalogues and direct marketing.

Despite the scepticism, a number of major retailers are experimenting with shopping by television in a market crowded with more than 50 operators. Home Shopping Network points out it is the only one with its own networks and telecommunications systems. It says the telephones are working properly now after a switch in supplier.

"With this infrastructure in place, new products are gravy in the pipeline," Mr Connolly said. Many new lines such as financial services, cosmetics and pharmaceuticals, which the company has been promising for a year, will start in coming months, he added.

Moreover, the company is more than a retailer by television. It also has "substantial" business from fulfilling orders from its own and other retailers' mail order catalogues.

But, complains, Mr Connolly, "every positive statement we make gets twisted around. It has been virtually impossible to do business. I've spent most of my time talking to analysts and the Press. Its unnerving."

As recently as February, Mr Lowell Paxson, president and co-founder of Home Shopping Network, had been able to say with easy confidence: "We've found the success forumla - with 12 secret ingredients. And we've convinced Wall Street."

RED ARMY INVITED FOREIGN OBSERVERS TO PROPAGANDA EXERCISE AT WEEKEND

## Moscow unveils chemical weapons

BY WILLIAM DULFORCE IN MOSCOW

THE SOVIET ARMY disclosed over the weekend that it possessed a formidable arsenal of chemical weapons less than a year after its disarmament negotiators had denied that it had any such weapons.

Bombs, shells and spray tanks capable of carrying deadly nerve gases and other agents were displayed to more than 100 foreign diplomats, defence experts and journalists at the hitherto secret Shikhany chemical weapons proving ground on the right bank of the Volga River, some 600 km southeast of Moscow.

The Red Army put on show a 10-truck mobile chemical weapons destruction unit and demonstrated its technique for rendering harmless a 250 kg chemical bomb charged with the nerve gas sarin.

Soviet officers and diplomats said the event was designed to speed up negotiations for an international ban on chemical weapons taking place at the United Nations disarmament conference in Geneva. Judging by on-the-spot reactions from US and other Western diplomats, the exercise, unprecedented as it was, was only partially successful.

The display on placards of details of seven lethal chemical agents and on concrete stands of 19 shells, bombs and tanks to carry the agents exceeded Nato defence experts' expectations of how much the Soviets would disclose.

Western ambassadors agreed that the Soviet invitation to visit Shikhany, given to conference delegates in Geneva in August by Mr Eduard Shevardnadze, the Soviet Foreign Minister, had turned into a major political development and represented a big step towards the worldwide abolition of chemical weapons.

"Who would have believed six months ago that we would be here today at Shikhany, one of the most secret of Soviet military installations," said one defence expert busily photographing the weapons and equipment on show, while smartly dressed Soviet generals and colonels looked stolidly on.

However, at a briefing by Soviet officers and during private Soviet-Western exchanges on Saturday evening on board a Volga cruise ship, the US and its Nato allies insisted that the Soviets had to disclose more.

Information on the size of chemical weapons stocks held by the Soviet Union, their site and the proposed programme for their destruction was needed before an agreement on chemical weapons could come into being, Mr Max Friedersdorf, the chief US negotiator on chemical weapons, said.

Clearly disappointed by this reaction, Soviet officers pointed out that under the provisional terms of the accord being worked out in Geneva they would not have to disclose details of stocks until 30 days after the ratification of the agreement.

Mr Yuri Nazarkin, head of the Soviet delegation to the talks, riposted that the US was spoiling the atmosphere at the talks by pushing ahead with the manufacture of new binary chemical weapons from December 1. The US stopped making chemical weapons in 1969. The Soviet Union continued until Mr Mikhail Gorbachev announced in April that it too would halt production.

According to Nato estimtes, the Soviet Union holds about 300,000 tonnes of chemical agents and possesses by far the world's largest and best organised chemical warfare capacity. The US holds 30,000 tonnes of mainly obsolete chemical agents. Its programme to produce binary weapons, consisting of two harmless chemicals which become lethal only when mixed, is intended to modernise its capability and help close the gap with the Soviets.

In a specially constructed stand, hangar and concrete display area on bare, undulating terrain 15 km from the Volga, the Soviet Chemical Warfare Department had spelt out on panels details of two blister chemicals, four nerve agents and a CS gas used in their weapons. The nerve agents can kill in seconds.

On concrete stands nearby the Soviets showed chemical weapon carriers ranging from a hand grenade to an 884 mm calibre warhead fired from a tactical missile.

## US-Canadian trade pact faces tests in Congress, provinces

BY DAVID OWEN IN TORONTO

THE US and Canada successfully forged a free trade agreement over the weekend in a move which could have major implications for the current round of negotiations within the General Agreement on Tariffs and Trade (Gatt).

Mr James Baker, US Treasury Secretary, made the announcement in the early hours of yesterday morning following a 14-hour final session oftalks between the two sides which ended only minutes before the midnight deadline for an agreement set by the US Congress.

Mr Baker stressed that the agreement was "comprehensive" but added that some "major" issues remained unresolved. Details of the agreement were expected to be released yesterday after a further meeting to iron out technicalities.

"There are a few major issues," Mr Baker said, "but we basically agreed on the issues in principle and it is now a question of getting wording."

The successful conclusion of the lengthy 16-month negotiation follows nearly two weeks of growing pessimism prompted initially by chief Canadian negotiator Simon Reisman's decision to suspend formal talks on September 23 due to what he called an "impasse."

Despite frequent discussions at the political level between the US team (Mr Baker and Mr Clayton Yeutter, special US trade representative) and the Canadians (Ms Patricia Carney, International Trade Minister, and Mr Michael Wilson, Finance Minister), little subsequent progress was apparant as the deadline approached.

While reports suggested that broad agreement on the gradual elimination of tariffs between the two countries had been reached, wide differences were said to remain on subsidy definition and the crucial Canadian demand for an "impartial, bi-national and difinitive" method of resolving bi-lateral trade disputes.

The key intervention appears to have been made on Thursday by Mr Baker in a telephone call to Canadian Prime Minister Brian Mulroney's office. This, it seems, made it clear that the US was prepared to agree in principle to the insertion of a bi-national panel into the trades dispute process and prompted the Canadian side to return to Washington for the last-ditch meeting which produced the settlement.

Both administrations now face three months of intensive lobbying to sell the deal to Congress and to the Canadian provincial premiers.

Congress, under pressure to cut the US trade deficit and currently negotiating a massive omnibus Trade Bill, might be expected to resist any erosion of US sovereignty which a bi-national disputes mechanism could imply.

However, some the Canadian provincial premiers, particularly Mr David Peterson of Ontario, will be loathe to sacrifice the complex Canadian web of inter-provincial trade barriers and subsidies, designed to foster regional development, without the guarantee of tangible rewards.

## US group in bid to break satellite monopoly

By Terry Dodsworth in New York

A RECENTLY-formed American company is planning to launch the first private international communications satellite early next year in a bid to break the monopoly of the publicly-controlled Intelsat consortium.

Final approval for the venture, mounted by Pan American Satellite (PanAmSat), was given last week by the US Federal Communications Commission, the regulatory authority for the American telecommunications industry. PanAmSat says that it will be aiming to use the satellite, to be launched by Arianespace, the European Space Agency organisation, for business communications and television links between the US, Latin America and Western Europe.

The PanAmSat plans are a further indication of the gradual breakdown of the traditional system of managing the world's telecommunications network through agreements between national monopoly service providers.

Intelsat was created in the early years of satellite communications 23 years ago to co-ordinate the international satellite traffic of telephone utility companies all around the world.

It has more than 100 signatories, virtually all of which are publicly-owned monopoly telephone service companies. They all use the satellites for a proportion of their international telephone calls - other traffic goes by cable - as well as for television transmissions and business communications.

Efforts to introduce competition to this system go back about five years, when a number of American companies, supported by the liberalising Reagan Administration, filed for permission to launch competitive satellites. PanAmSat, founded by Mr Rene Anselmo, who has raised $130m for the venture after making a fortune from a chain of television stations, is the only one of these to receive authorisation so far.

Even now, the company faces formidable obstacles in its attempt to establish itself. Because of bitter opposition from Intelsat, it will not be able to carry public telephone traffic and its only foreign partner so far is in Peru. In addition, it will eventually face new competition from the private sector in the shape of the international fibre optic cable network being planned by Cable and Wireless of the UK.

The absence of foreign partners is potentially the most serious problem facing the company. In many countries the links between earth stations and satellites are controlled by the public telephone authorities, which also have an interest in the Intelsat system.

## China tightens grip in Tibet

Continued from Page 1

long list of brutal incidents, beginning in October 1951 when the People's Liberation Army marched into Lhasa. Tibetans also suffered persecution and destruction during the Cultural Revolution (1966-1976).

The cycle of violence began last Sunday, when about 20 lamas led a protest against Chinese rule. They carried the flag of "the snow mountains and lions," a symbol of both religion and nationalism, and shouted slogans calling for an independent Tibet.

Most of the lamas were arrested, and the Chinese Government blamed the protest on the intensified campaign for an independent Tibet by the exiled Tibetan leader, the Dalai Lama, who fled to India after the 1959 uprising was put down by Chinese troops. The Dalai addressed US Congressmen just over a week ago, and presented a five-point peace plan calling for the withdrawal of Chinese troops.

On Thursday, a protest by a group of about a dozen monks, calling for the release of those arrested, prompted a demonstration by several thousand Tibetans near the Jokhang Temple, built 1,300 years ago to house a golden Buddha and one of the most sacred sites in the region.

Eyewitnesses testify that Chinese police, apparently unnerved by the aggression of the protesters, opened fire with automatic weapons. One witness counted five bodies, while uncomfired reports suggest that as many as 20 people were killed.

Conservatives in the Communist Party could argue that the protests show that the party has become too liberal and that control needs to be reasserted not only over Tibetans but over all Chinese.

Tibet has now become a major issue in Sino-US relations, with Peking condemning the US for allowing the Dalai to make political speeches. A senior Foreign Ministry official said that Tibet was a "problem" because the US has been "interfering in China's internal affairs."

A tough editorial in the People's Daily yesterday claimed that "Tibet is an inalienable part of the sacred territory of China," and, in a reference to the US, asserted that China would "brook no outside interference."

The People's Daily was particularly critical of the Dalai Lama, who was being invited to visit China by the Government as recently as five weeks ago.

## EC plans launch of free-food scheme

Continued from Page 1

plication of this year's limited "action."

However superficially appealing, food "giveaways" by the EC have long been controversial on the grounds that the free disbursements simply displace purchases which would in any case have been made through the market. The Commission's report points out that there is "insufficient information" to make an accurate assessment of this but from the limited intelligence available it admits the degree of substitution with the cold-weather scheme was "high."

The Commission nevertheless believes that it made a positive contribution towards alleviating the winter hardship, although there were problems. Many charities, for example, were concerned by the extra financial and administrative burdens placed on them by the scheme with the result in future these will probably have to be met from the Community budget.

The Commission report concludes that the new plan should not be tied to particular triggers (such as cold weather), that the products made available to charitable organisations should only come from "intervention" stores (beef, butter, fish, fruit and vegetables, for example), and that in view of the potentially high costs and difficulties of controlling a permanent scheme clear budgetary limits should be placed on expenditure. Officials believe this should also minimise the risk of fraud and abuse.

EC farm ministers, who later this month will get down to negotiating controversial new cutbacks in farm support, will almost certainly make budgetary constraints a condition of their approval.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 23 | 73 | Dubrovnik | S | 20 | 68 | Malta | R | 22 | 72 | Rhodes | S | 31 | 88 |
| Algiers | S | 27 | 81 | Edinburgh | S | 13 | 55 | Manchester | F | 14 | 57 | Rio de J'o | - | - | - |
| Amsterdam | S | 14 | 57 | Faro | C | 21 | 70 | Manila | - | - | - | Rome | F | 23 | 73 |
| Athens | F | 20 | 68 | Florence | C | 18 | 64 | Melbourne | F | 11 | 52 | Salzburg | C | 16 | 61 |
| Bahrain | S | 30 | 86 | Frankfurt | C | 13 | 55 | Mexico City | - | - | - | San Francisco | C | 13 | 55 |
| Bangkok | - | - | - | Funchal | C | 21 | 70 | Miami | C | 22 | 72 | Seoul | S | 26 | 79 |
| Barcelona | C | 19 | 66 | Geneva | S | 14 | 57 | Milan | F | 15 | 59 | Singapore | F | 31 | 88 |
| Beirut | - | - | - | Gibraltar | F | 22 | 72 | Montreal | F | 5 | 41 | Stockholm | F | 10 | 50 |
| Belfast | C | 11 | 52 | Glasgow | F | 12 | 54 | Moscow | C | 10 | 50 | Strasbourg | C | 16 | 61 |
| Belgrade | S | 17 | 63 | Guernsey | C | 15 | 59 | Munich | F | 16 | 61 | Sydney | F | 24 | 75 |
| Berlin | S | 15 | 59 | Helsinki | C | 11 | 52 | Nairobi | C | 23 | 73 | Taipei | - | - | - |
| Biarritz | F | 24 | 75 | H. Kong | S | 27 | 81 | Naples | S | 23 | 73 | Tangier | S | 24 | 75 |
| Bombay | F | 31 | 88 | Innsbruck | F | 17 | 63 | Nassau | - | - | - | Tel Aviv | C | 26 | 79 |
| Bordeaux | F | 22 | 72 | Inverness | S | 8 | 46 | New Delhi | S | 33 | 91 | Tenerife | D | 24 | 75 |
| Brussels | S | 19 | 66 | Islamabad | - | - | - | New York | R | 6 | 43 | Tokyo | S | 24 | 75 |
| Budapest | F | 14 | 57 | Istanbul | F | 16 | 61 | Nice | C | 18 | 64 | Toronto | C | -1 | 30 |
| B. Aires | - | - | - | Jakarta | - | - | - | Nicosia | - | - | - | Tunis | F | 28 | 82 |
| Cairo | S | 28 | 82 | Jersey | C | 19 | 66 | Oporto | F | 20 | 68 | Valencia | F | 23 | 73 |
| Cape Town | S | 24 | 75 | Jo'burg | S | 16 | 61 | Oslo | F | 12 | 54 | Venice | S | 18 | 64 |
| Caracas | - | - | - | Lima | - | - | - | Paris | F | 21 | 70 | Vienna | S | 14 | 57 |
| Casablanca | F | 24 | 75 | Lisbon | R | 16 | 61 | Peking | S | 25 | 77 | Warsaw | S | 14 | 57 |
| Chicago | C | 3 | 37 | London | C | 14 | 57 | Prague | S | 14 | 57 | Washington | F | 7 | 45 |
| Cologne | S | 14 | 57 | Los Angeles | C | 23 | 73 | Reykjavik | C | 9 | 48 | Zurich | C | 13 | 55 |
| Copenhagen | S | 13 | 55 | Luxembourg | F | 13 | 55 | | | | | | | | |
| Corfu | S | 23 | 73 | Madrid | F | 20 | 68 | | | | | | | | |
| Dallas | C | 11 | 52 | Majorca | F | 27 | 81 | | | | | | | | |
| Dublin | S | 14 | 57 | Malaga | F | 25 | 77 | | | | | | | | |

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

## Volvo may sell oil stake

Continued from Page 1

is now developing the Oseberg Field.

The plan foundered in 1979 in the face of mounting opposition in Sweden, and instead Volvo set off alone to break into the oil and gas sector.

At its peak the company had direct stakes in oil and gas exploration concessions in both the UK and Norwegian sectors of the North Sea, and it still has substantial minority shareholdings in Hamilton Oil, Saga Petroleum of Norway and the Swiss-based International Energy Development Corporation, an oil exploration venture in developing countries.

It became engaged unsuccessfully in the fabrication of offshore platform modules in Norway, held a 30 per cent stake in Consafe, the Swedish operator of offshore accommodation platforms which later went into liquidation, and took over the Scandinavian Trading Company (STC), formerly one of the world's biggest independent crude oil traders, where it ran up big losses in the Scanoil and Scandrill subsidiaries.

Volvo has since disposed of most its direct interests in the energy sector.

THE LEX COLUMN

## The value of life

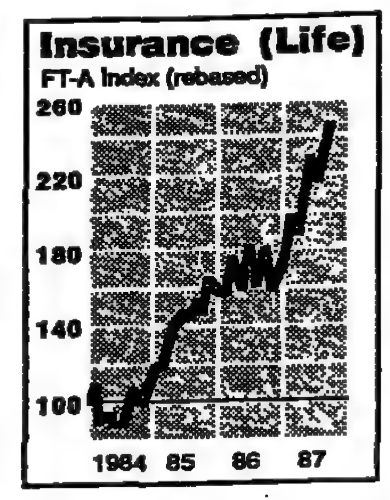
Mr Ron Brierley and Compagnie du Midi have added new meaning to a saying beloved by actuaries. Years ago, in another context, a man from the Pru coined the phrase "an expanding funnel of doubt". He might have been talking about the uncertainties that multiply rapidly when anyone tries to say what a British life assurance company is worth.

Those uncertainties are not new. But the dizzy prices named in last month's rival bids for Equity & Law from Mr Brierley and the French group have made the funnel of doubt about life company valuation look as broad as a barn door. If anyone gains control at 450p per share, some estimates say that to give its new owner a 15 per cent return on capital, Equity & Law would have to boost its sales at a compound annual rate of 13 per cent per annum for the foreseeable future: a marketing achievement of heroic dimensions. Hence a growing interest in seeking out the underlying values of life companies with share prices buoyed up by bid speculation.

In the industry, the valuation debate really took off with the battle for Eagle Star. Its balance sheet valued its life fund at £100,000: a conservatism more than inconvenient when the predatory Allianz arrived. Rapid recalculation showed a truer figure of £375m. A wider point, long familiar to actuaries, could then be made: that the statutory accounts of life companies tend to understate their value and current earnings and give little clue to current trading success.

They render conventional price/earnings multiples meaningless, leaving for instance Britannic, a small undynamic home service insurer untouched by bid speculation, now on a heady prospective p/e of 30. The reason lies in the strange economics of a life company, where profits from a new sale emerge only gradually. When it sells a new policy, it often makes a loss in the first year - because marketing expenses and brokers' commissions consume much of the premium, and a reserve must also be set up against the risk of the policyholder's death. The effect will be to depress in the short-term the earnings the life company can declare. The faster the company is growing, the bigger the depression and the higher the p/e.

There are ways of getting closer to the underlying truth, although they all incorporate high degrees of subjective judgement. In the late 1960s, the stockbroking firm Wood Mackenzie began its "mutualisation price estimates" of a fair figure policyholders should pay to buy out a life company's shareholders. The TSB flotation prospectus included an "appraisal value" computed by consulting actuaries at Tillinghast for its life and pensions operation.




The two methods may differ in detail, but hinge on similar principles. Using the life company's annual returns to the Department of Trade and Industry, they make a three-stage valuation: of the shareholders' equity in the life fund, of the expected profits from life and pensions contracts on its books, and then of goodwill, based on assumptions about future sales, market share, and industry prospects.

A further twist comes if the goodwill is ignored, leaving a concept of "embedded value." In theory, the annual change in embedded value represents an earnings figure that is probably much higher than that in the statutory accounts, and a closer guide to trading success. A working party of actuaries and accountants is looking at ways of developing this into an industry-wide standard, and a form of embedded or appraisal value concept is already used in notes to the accounts of at least eight life companies.

Wider use of these concepts in company accounts might be welcome. In theory, it would narrow down the funnel of doubt over valuation, and give a truer meaning to p/e ratios. Yet there are dangers, too, for investors in life company shares - who, unlike policyholders, lack the DTI's protection of their reasonable expectations.

For attempts at valuing life company shares will always be inherently subjective. An analyst may think he can use a computerised appraisal model to search out undervalued life company stocks. But he might get just as good a result by studying the trends in the real world which end up determining just how much of the nation's wealth life assurance companies can channel through their savings contracts.

### Telefonica

The shares of Telefonica, the Spanish telephone giant, significantly underperformed the local stock market during the first half of this year. They took off only after the company got a listing on Wall Street and revealed in the process that its earnings looked much better when calculated according to US accounting principles. US investors were dazzled by the prospect of a giant growth company being brought to the market on an undemanding multiple of 7 times earnings, and the group's American depositary receipts rose by more than 40 per cent over the next couple of months, helping the late summer surge in the Spanish market.

However, Telefonica's latest cash call - a one for ten rights issue raising over $500m, coming less than four months after it raised $375m of equity in the US - may come as a rude shock to some of the foreign investors who now own over a fifth of the equity. Spain's biggest company has been having rights issues at the rate of nearly one a year for more than a decade, and given its hefty appetite for new capital there is no reason to believe that the pace of cash calls is likely to lessen in the years ahead. The rate of capital spending is accelerating rapidly, with upwards of $10bn scheduled to be invested in upgrading the Spanish telephone network over the next four years. Some 70 per cent of this will be financed from internal cash flow, but the rest will have to come from mainly foreign debt and equity issues, which explains why the company is wooing overseas investors. Until recently, it has never taken much notice of the perceived Anglo-American need to demonstrate steady growth in earnings per share, but this is changing. If it is to maintain earnings growth of 10 per cent plus per annum, it may have to alter the way it satisfies its seemingly insatiable appetite for cash.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
Monday October 5 1987



INTERNATIONAL BONDS

# Inflation and the dollar remain focus of concern

LAST WEEK it seemed that everywhere they looked, international bond dealers could find new ways to frighten themselves as the "bear phase" in the international debt markets intensified.

The background was continued concern about accelerating world inflation, combined with lack of faith in the dollar's strength following the weekend declaration by leading industrial nations that they would continue to stabilise exchange rates.

That the dollar might remain at current levels looked an unlikely scenario to everyone, in view of the need to correct the US's external deficit. Dealers said it was only a matter of time before the foreign exchange market decided to see how far central bankers would allow the dollar to drop.

Meanwhile, the outlook for other industrial nations taking measures to stimulate their own economies worsened as the message emerging from the World Bank and International Monetary Fund talks in Washington seemed to be that world interest rates were on the rise again.

In this context, it became impossible for any of the markets to emerge from the trough of despondency even though, as interest rate levels across the sectors moved closer together, a number of switching possibilities appeared to emerge.

For instance, dealers said the yield on the No. 100 1997 Japanese government bond stood on Friday at around 6.85 per cent – virtually on a par with those on West German government bonds of the same maturity.

But dealers said they could find no investors interested in switching out of D-Mark bonds into yen issues while fears of an imminent rise in the Japanese discount rate hung over the market, even though such a measure might be already built into yen bond prices.

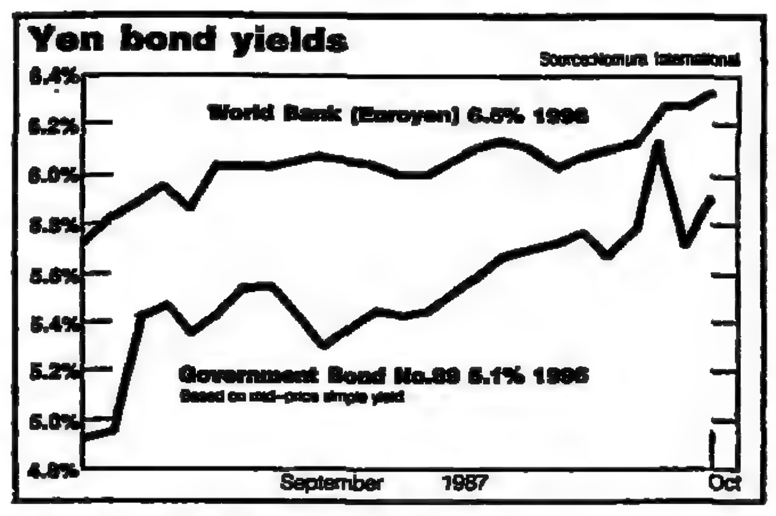
With investors wary of committing funds even to the government bond markets, there was precious little scope for any retail buying of Eurobonds.

The Euroyen bond market was able to keep itself going on a continued flow of retail orders from Japanese investors switching out of government bonds. This business was, however, beginning to look precarious as the falls in the Japanese government bond market caused a further narrowing of the Euroyen market's yield advantage.

Demand from investors wishing to "asset swap" Euroyen bonds – swap them into floating rate dollars – also looked under threat as the availability of counterparties began to dry up.

Eurodollar bond dealers said they saw demand only for the most liquid and highest-quality issues. So dealers were becoming more than ever inclined to cease trading the lesser-quality and smaller issues as these became more vulnerable to professional price manipulation.

The new issues market was virtually closed apart from equity related bonds, although syndicate managers did find a window in the only area that seemed to be moving against the international bearish trend: the Australian dollar bond market.




However, even this market was having one of its most difficult weeks, suffering a severe setback mid-week with the comment by Mr John Button, Industry Minister, that manufacturers would probably prefer an Australian dollar in the 65 to 68 US cents range.

Shocked dealers in the Australian dollar Eurobond market rapidly cut positions, driving down prices by more than a point, although these losses were mostly recovered later as the currency moved up to 70 cents.

But against this background, dealers said it was remarkable how satisfactorily last week's four new issues in the sector were received by the market. Admittedly, three of them were not swapped but even so coupon levels like 12¾ per cent on SBC Australia's four-year bond hardly looked generous.

The other focus of new issue activity was the market for equity *warrants bonds for Japanese companies.*

Here, European demand for the warrants was at best sluggish given uncertainty over the direction of the Tokyo equity market.

Perhaps the least successful of last week's equity warrants bonds was the most innovative: a $200m bond for Canon which was believed to break new ground in bearing a six-year maturity as opposed to the more normal five.

The issue seemed to founder on a lack of demand for "asset swappers," who usually absorb the ex-warrant bonds. This is because such investors package up issues with other bonds of comparable life-span, but were unable to do this with a bond of such an unusual maturity. The bond with warrants package was quoted on Friday at less 3½ offered, no bid.

**Clare Pearson**

INTERNATIONAL LOANS

# Activity figures dispel clouds and point to silver lining

AS THE DEALS started to come thick and fast in the international loans market last week, figures emerged to underline just how much market activity has picked up this year.

The clouds over the bond and floating-rate note markets seem to be *yielding a silver lining for banks'* loan syndication departments.

According to statistics published by Euromoney, 1,087 publicised syndicated loans were arranged in the first nine months of this year, totalling $183.7bn. This compares with 934 credits raising $140.1bn in the first three quarters of 1986.

US banks, led by Citicorp which lead-managed some $17.1bn in loans, tightened their market domination, taking the first seven places as lead managers.

Bankers caution against watching these league tables too closely but agree that, if anything, they underestimate the growth in the market. That is because a larger number of syndicated loans this year have received no publicity, often because they were associated with takeovers and because the figures are updated retrospectively as deals emerge.

Among the handful of sovereign credits was an $85m deal for the Central Bank of Turkey, for which a group of five banks has been mandated and which Bankers Trust International is arranging. The loan carries a 1¼ per cent margin over three years, with front end fees of up to 1 per cent.

In the corporate sector, which is taking up an ever increasing share of the market, a mandate was thought to have been awarded for a $250m multi-option facility for Union Carbide. Morgan Guaranty was thought to be a front-runner.

Citizens and Southern, the Atlanta-based bank holding company, is seeking $250m through a five-year revolving credit being led by Credit Suisse First Boston. It has a facility fee of 12½ basis points and a margin of 12½ per cent if drawn down up to 50 per cent, and 25 basis points beyond that.

CSFB, whose $50m five-year deal for Illinois Power closed oversubscribed, is also arranging a 10-year term loan, with 6.3 year average life for the Canadian retailer, Steinberg. The margin rises from 25 basis points for years one to three, to 30 for years four to seven, and 37½ for year eight to 10.

Chemical is arranging a $304.9m loan for a subsidiary of Augusta newsprint, a Georgia-based partnership owned by subsidiaries of Abitibi-Price and Thomson Newspapers. The loan, a refinancing of a deal arranged in 1982, carries a 9-year maturity, 6.5 year average life and a margin of 32 basis points.

Bank of America International was jointly mandated with Bank of Tokyo International to arrange a $150m facility for First National Securities of the US, over four years extendible yearly. The margins are 27½ basis points for two years and 30 thereafter, with commitment of 7½ or 10 basis points depending on utilisation.

BAIL was also mandated to raise $100m for CRH, formerly Cement-Roadstone of the UK, over seven years in a tender panel facility with a committed portion. There is a facility fee of 6¼ basis points, and a margin of 11½ basis points for five years and 15 basis points thereafter. A utilisation fee of 3½ basis points applies if it is more than 50 per cent taken up.

National Westminster is raising $150m through a multi-option facility for the US-based construction company Centex. There is a margin of 15 basis points and commitment fees of 10 basis points on available and 7½ basis points on an unavailable portion.

Barclays de Zoete Wedd is arranging a $100m MOF for Guthrie Corporation, comprising a $50m five-year revolving credit, and a £50m sterling commercial paper programmes.

In Eurocommercial paper, Union Bank of Switzerland (Securities) arranged a $125m programme for Nobel Industries of Sweden, with County NatWest and Svenska Handelsbanken also dealers, while Gotaas-Larsen arranged a $100m programme with Morgan Guaranty, with S.G. Warburg also acting as dealer.

**Stephen Fidler**

# Asda-MFI hive-off to set record UK management buyout

BY MIKE SMITH IN LONDON

BRITAIN'S biggest ever management buyout is expected to be announced today when Asda-MFI, the retail group, unveils the sale of its MFI furniture stores company as part of a £705m ($1.14bn) deal.

MFI is paying Asda £505m and, as part of the deal, it will also buy Hygena, the privately-owned kitchen and bedroom unit maker which is its largest supplier, for about £200m. Asda will take a 25 per cent stake in the combined group for which it will pay £50m.

More than 350 managers at MFI and Hygena will have an initial stake initially of about 3 to 4 per cent in the new group. This could rise to 20 per cent depending on profitability. In addition, Mr Malcolm Healey, founder and owner of Hygena, will control another 10 per cent as part of the £200m consideration.

The £505m disposal price of MFI is less than some analysts had been expecting and compares with the £815m which Asda paid for MFI two *years ago in a deal it described as a* "merger for the 1990s."

Asda maintains that the talks took place in unfavourable circumstances because of the recent warning by Harris Queensway, the retailer, that its furniture division would make losses this year. It also points to the value of a quarter share in a company that expects to triple its worth in two to three years.

The management buyout, which has been put together by merchant bank Charterhouse, is nearly three times the size of the previous record deal. In that BAT, the tobacco and financial services conglomerate, sold Mardon Packaging for £173m in 1985.

Institutions which are backing the deal include Citicorp Venture Capital, Globe Investment Trust and the British Coal pension fund. Charterhouse is also taking a stake. The lead banker in the package is Chemical Bank of the US.

Mr Derek Hunt, MFI's chairman who resigned as an Asda-MFI director this summer to lead the buy-out team, and his colleagues expect to bring the group to the stock market within three years. They believe the group's growth will be helped by its dominance of its markets, supplying one in four kitchens and furnishing two in five bedrooms in the UK.

They feel there is obvious synergy between the two companies with Hygena accounting for more than 40 per cent of MFI's sales and MFI taking 90 per cent of Hygena's output.

Last year MFI made pre-tax profits of £45.9m on sales of £402.5m and Hygena made £18m on sales of £122m.

Following the MFI disposal and that of Allied Carpets, an announcement about which is expected soon, Asda will have net cash of more than £300m. This will help in its aim of spending £1bn on store development during the next three years.

Today's deal will signal an end to an association which has attracted few admirers in the City of London. Since Asda and MFI merged, their share price has underperformed the market considerably.

Asda conceded that the two companies would grow faster apart than together

EUROMARKET TURNOVER ($m)

| Primary Market | Straights | Conv | FRN | Other |
|---|---|---|---|---|
| US$ | 3,995.3 | 677.8 | 654.4 | 7,270.5 |
| Prev | 1,286.0 | 952.0 | - | 5,450.6 |
| Other | 1,205.7 | 2.0 | 305.7 | 501.9 |
| Prev | 916.2 | 289.1 | 104.5 | 420.2 |
| **Secondary Market** | | | | |
| US$ | 24,689.6 | 2,451.1 | 8,917.4 | 4,987.7 |
| Prev | 23,297.7 | 2,423.0 | 11,642.6 | 6,413.6 |
| Other | 19,871.3 | 1,213.9 | 6,556.4 | 13,245.1 |
| Prev | 20,329.4 | 1,189.5 | 6,237.6 | 15,553.1 |

| | Cedel | Euroclear | Total |
|---|---|---|---|
| US$ | 15,213.8 | 38,430.0 | 53,643.8 |
| Prev | 14,801.7 | 36,663.8 | 51,465.5 |
| Other | 16,886.0 | 26,016.0 | 42,902.0 |
| Prev | 19,110.7 | 25,928.9 | 45,039.6 |

Week to October 1, 1987 Source: AIBD

# INTL. COMPANIES & FINANCE

UK GILTS

## All eyes set to be focused on sterling

WHILE THE international economic scene was set alight last week by the foray of Mr Nigel Lawson, the Chancellor, into the history books of official thinking on exchange rate management, the domestic scene was rather less exciting.

The yield on the benchmark 2003/07 gilt-edged stock ended the week a touch above 10.1 per cent and, with only inflation figures due on Friday next week, things could remain dull.

All eyes will be focused on sterling which has been remarkably robust given August's trade figures, a fact which was confirmed by Friday's news of a relatively large rise in official reserves last month.

Analysts searching the entrails of August's disastrous export and import figures appear to have concluded pretty swiftly that there were some unusual elements in the data and that September's performance should be much improved.

The other growing preoccupation of the market is the progress of the public spending round and what will emerge in the Autumn Statement. It is very difficult to get any sense out of Whitehall or Downing Street. In view of the official disinformation campaign after a newspaper story correctly predicted a substantial rise in spending on the day before last year's Autumn Statement, this will probably continue to be the case.

It seems likely on balance that there is a considerable degree of flexibility on the planning totals. The Treasury has already abandoned the principle of sticking to cash totals in favour of aiming at spending as a proportion of gross domestic product.

Another factor which should promote flexibility is the extraordinary buoyancy of tax revenues and a public sector borrowing requirement which appears to be heading for a substantial undershoot.

In addition, taking some fairly reasonable assumptions about growth and inflation next year, it seems quite conceivable that public spending could exceed the planning total by about £4bn and still be presented by the Chancellor as consistent with the Treasury's guidelines on spending as a proportion of GDP.

In other words, there could be a lot of truth behind the £158bn figure bandied about widely last week. What is significant about the talk surrounding this figure (and the Treasury still insists it will try to get as close to its £154.2bn planning total as possible) is that markets do not seem unduly worried about it.

If one assumes £4bn in extra spending and a cut of £2bn in the contingency reserve, one reaches a figure which coincides with the amount departments are thought to have bid for above the planning total and seems to give some credibility to reports the Star Chamber will have little to do this year.

The lesson of last year's tax revenue explosion was that spending could be raised without affecting public borrowing. The same could happen this year.

Less happy for bond markets in general is evidence that worldwide interest rates are headed higher. Friday's disavowal by Mr Satoshi Sumita, Japan's central bank governor, of any intention to raise the Japanese discount rate was couched in exactly the terms which made one believe this is exactly what is about to happen.

In the US, Friday's unemployment figures showed a fall in the rate to 5.9 per cent, regarded as critical by many in terms of an inflationary tightening in the labour market. This will only add fuel to speculation that the US could soon raise its discount rate again.

All this is disheartening for the gilt-edged market in only the most general sense. Given the pre-emptive decision to raise base lending rates to 10 per cent on August 6, there seems little reason to suggest that even a co-ordinated hike in the US and Japanese discount rates would lead to a similar move in Britain.

All in all, sterling's robust performance and the extremely healthy state of government finances should balance all the lingering worries about the trade balance and bank lending and the gilt market looks very fairly valued at the moment.

The highlight of this week could well prove to be the Chancellor's speech to the Conservative Party conference if his contribution in Washington was anything to go by.

**Janet Bush**

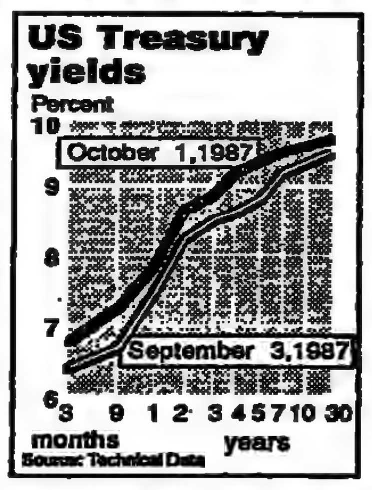
US MONEY AND CREDIT

## The risks of fixed exchange rates

LET US conduct a brief thought experiment. Suppose just for a moment that Mr Nigel Lawson, Britain's Chancellor of the Exchequer, intends to be taken seriously with his proposal for the abandonment of floating currencies and a gradual return to fixed exchange rates.

Let us remind ourselves of what the world might look like if it were transformed tomorrow to a fixed-currency regime. A world of fixed exchange rates would have one all-important feature which many bond market investors might find surprising.

It would be a world in which inflation in Japan and Germany accelerated rapidly, almost certainly overtaking the US and British levels within two or three years. If this prediction is correct, it goes a long way to explaining the strangest financial phenomenon of the last six months: the fact that fears of inflation have wrought even more devastation in the bond markets of Japan and Germany than in those of the US.




Any fixed-currency regime that might be ushered in today would have distinctly inflationary overtones for Germany and Japan for two interconnected reasons. The dollar is still substantially overvalued against the yen and the D-Mark in terms of trading competitiveness and current account imbalances. Yet despite the inherent weakness of its trading position, the US remains the dominant ele(ment in the world economy - capable of forcing the governments of other countries to do the intervention and policy adaptation required to keep the system intact.

In other words, a stable system based on present exchange rates would be dominated by the weakest currency country - not by the strongest, as in the generally anti-inflationary European Monetary System. Consider what this means in practice.

There are two reasons why the US has an enormous current account deficit at present exchange rates. First, its costs are still uncompetitive with those in Japan across a wide range of industries (to simplify the analysis, let us forget about Europe and other trading countries).

Secondly, US domestic savings are very low, while savings in Japan are very high, implying that America buys surplus goods from Japan and pays for them by borrowing Japanesemoney.

In a world of floating currencies, these imbalances tend gradually to be corrected by an appreciation of the yen against the dollar - albeit much more slowly than was once predicted by the original advocates of floating, with Mr Lawson prominent among them.

But what if exchange rates are fixed? In the end, production costs on both sides of the Pacific will tend to be equalised. The gap between nominal interest rates in the US and Japan will also be narrowed if the risk of currency movements is eliminated or sharply reduced.

This means that, if the yen cannot rise against the dollar, Japanese costs and wages will have to rise in yen terms faster than US costs and wages in dollars - in other words Japan's inflation will overtake inflation in the US.

That may sound preposterous today, but it would have seemed obvious 15 years ago. During the golden age of fixed exchange rates in the 1960s, it was generally recognised that US industry was becoming increasingly uncompetitive compared with industry in Europe and Japan and that US trade surpluses were being eroded and replaced with deficits.

Because exchange rates were fixed, adjustment came through differential inflation in exactly the way explained above. Between 1962 and 1967, inflation averaged 2 per cent in the US, against 2.7 per cent in Germany, 3.2 per cent in France and 5.4 per cent in Japan.

This is why Europeans used to accuse the US of exporting its inflation during the years just before the breakdown of Bretton Woods. That is exactly what a fixed exchange rate system centred round a competitively overvalued currency like today's dollar does.

Japan's more recent experience is even more striking. From 1968 to 1977, a period when the Japanese Government strove to keep the yen consistently undervalued against the dollar, despite the advent of floating exchange rates, Japan's inflation exceeded America's in every single year, by an average margin of 3 percentage points annually.

It was only from 1978 onwards, when the yen began a steep and sustained uptrend (albeit interrupted by a period of extreme undervaluation between 1982 and 1984) that Japan became a less inflationary country than the US.

If that uptrend is now over, leaving a yen exchange rate that is still low enough to generate huge current account surpluses for Japan, the country's long-term inflationary pressures are likely to return.

When Japanese savers lose their appetite for US stocks and bonds, there will be only one way to keep the yen from rising against the dollar. The Bank of Japan will have to buy more and more dollars on the foreign exchanges. In the process it will have to print yen and permit a domestic monetary explosion.

Indeed, even if the dollars are bought by the private sector, instead of the authorities, the savings outflows are likely to continue only for as long as the real rate of interest in Japan is lower than in the US. And in an economy at or near full employment, as Japan's is today, lower real rates of interest are all too likely to mean higher inflation.

* * *

Monthly money supply figures are the only major statistics due for release this week (on Thursday at 4.30 pm). Market expectations, as surveyed by Money Market Services of Redwood City, California, are for an increase of $14bn in both M2 and M3. The range of forecasts for M2 is from $10bn to $17bn, for M3, $8bn to $20bn.

**Anatole Kaletsky**

### US MONEY MARKET RATES (%)

| | Last Friday | 1 week ago | 4 wks ago | 12-month High | 12-month Low |
|---|---|---|---|---|---|
| Fed Funds (weekly average) | 7.77 | 7.44 | 6.88 | 11.34 | 5.71 |
| Three-month Treasury bills | 6.64 | 6.50 | 6.38 | 6.68 | 5.01 |
| Six-month Treasury bills | 6.85 | 6.87 | 6.54 | 6.91 | 5.06 |
| Three-month prime CDs | 7.90 | 7.60 | 7.20 | 7.90 | 5.46 |
| 30-day Commercial Paper | 7.40 | 7.30 | 6.90 | 7.70 | 5.65 |
| 90-day Commercial Paper | 7.75 | 7.40 | 7.15 | 7.75 | 5.45 |

### US BOND PRICES AND YIELDS (%)

| | Last Fri. | Change on wk | Yield | 1 week ago | 4 wk. ago |
|---|---|---|---|---|---|
| Seven-year Treasury | 92⅞ | -½ | 9.45 | 9.35 | 9.10 |
| 20-year Treasury | 96¾ | +¼ | 9.76 | 9.77 | 9.54 |
| 30-year Treasury | 92¼ | -⅛ | 9.69 | 9.68 | 9.46 |
| New 10-year "A Financial | n/a | n/a | 10.30 | 10.35 | 10.20 |
| New "AA Long utility | n/a | n/a | 10.80 | 10.75 | 10.60 |
| New "AA Long Industrial | n/a | n/a | 10.75 | 10.65 | 10.50 |

Source: Salomon Bros (estimates).

Money supply: In the week ended September 21 M1 rose by $5.4bn to $755.8bn.

### NRI TOKYO BOND INDEX

| December 1983 = 100 | 2/7/87 | Average yield (%) | Last week | 12 wks ago | 26 wks ago |
|---|---|---|---|---|---|
| | | | PERFORMANCE INDEX | | |
| Overall | 132.13 | 5.75 | 133.73 | 137.87 | 139.11 |
| Government Bonds | 131.71 | 5.51 | 133.69 | 138.19 | 141.11 |
| Municipal Bonds | 132.39 | 6.28 | 133.14 | 137.25 | 139.07 |
| Govt.-guaranteed Bonds | 133.23 | 6.31 | 134.00 | 138.96 | 139.97 |
| Bank Debentures | 130.37 | 5.31 | 131.96 | 132.38 | 135.49 |
| Corporate Bonds | 132.78 | 6.29 | 134.53 | 136.48 | 136.72 |
| Yen-denom. Foreign Bonds | 136.78 | 6.75 | 138.52 | 139.77 | 137.65 |
| Government 10-year† | 6.38 | – | 6.27 | 4.91 | 4.62 |

† Estimated par yield

Source: Nomura Research Institute

## FT/AIBD INTERNATIONAL BOND SERVICE

| US DOLLAR STRAIGHTS | Issued | Bid price | Chg on week | Yield |
|---|---|---|---|---|
| ABN Bank 8½ 91 | 150 | 97⅞ | +⅝ | 9.37 |
| Aetna Life & Cas 7⅞ 16 | 200 | 89⅞ | -⅛ | 8.77 |
| AHFC O/S Fin 11¾ 94 | 100 | 99⅝ | -1⅞ | 11.80 |
| AIDC 11 89 | 75 | 102¼ | -⅛ | 9.95 |
| Alcoa Australia 11 92 | 80 | 100¼ | -½ | 10.92 |
| American Exps 12⅞ 88 | 150 | 103¼ | 0 | 9.28 |
| [illegible] | | | | |
| Penney J C 12¾ 91 | 100 | 106¼ | 0 | 10.79 |
| Pepsico Capital 8⅞ 91 | 100 | 96¼ | -⅝ | 9.72 |
| Pepsico 7⅞ 93 | 200 | 87¾ | -½ | 10.33 |
| Petro-Canada 7¾ 96 | 200 | 80¾ | -½ | 10.77 |
| Philip Morris 9⅞ 98 | 200 | 94⅝ | -⅛ | 10.74 |
| Postipankki 11⅛ 90 | 75 | 102¼ | -⅛ | 9.96 |
| Procter & Gam 10 95 | 150 | 97¾ | -⅛ | 10.42 |

| | Issued | Bid price | Chg on week | Yield |
|---|---|---|---|---|
| Pru Rlty Secs 0 99 | 365 | 30⅝ | +¼ | 11.13 |
| Qantas Airways 8⅞ 96 | 97 | 87¾ | -⅝ | 10.98 |
| Quebec Prov 13 90 | 150 | 106½ | -⅛ | 10.43 |
| Queensld Gvt 11⅞ 89 | 100 | 103⅞ | 0 | 9.59 |
| Ralston Purina 11¾ 95 | 250 | 103½ | 0 | 11.02 |
| Reynolds R. J. 10¼ 93 | 100 | [illegible] | [illegible] | [illegible] |
| Richardson-Vicks 11½ 93 | 125 | [illegible] | [illegible] | [illegible] |
| Rockwell Int 9⅞ 90 | 200 | [illegible] | [illegible] | [illegible] |
| [illegible] | | | | |

| CONVERTIBLE BONDS | | | | |
|---|---|---|---|---|
| [illegible] | | | | |
| IBM 6⅜ 96 | 300 | 147¼ | +2⅞ | -2.91 |
| ITT 4¼ 87 | 50 | — | — | — |
| IU Intl Corpn 6¾ 2002 | 75 | 107 | +3⅞ | -10.34 |
| Long Term Credit Bk 1⅝ | 200 | 98⅝ | -1⅞ | -4.94 |
| Lorimar-Telepics 6 01 | 100 | 85¼ | -¼ | 81.98 |
| Newmont Mining 7 01 | 100 | 130¾ | +1⅞ | 2.53 |
| Nippon Seiko 3¾ 99 | 70 | 176⅞ | -7⅞ | -2.88 |

| | | | | |
|---|---|---|---|---|
| Rockefeller Centre 0 00 | 952 | 25⅝ | +¼ | -69.88 |
| Southwest Air 6⅜ 98 | 35 | 86¾ | -¼ | 66.93 |
| Swiss Bank Corpn 6¼ 90 | 120 | 149½ | -¼ | -10.06 |
| Texaco Capital 11¾ 94 | 500 | 105⅛ | +⅞ | 28.59 |
| Toshiba Ceramics 3 00 | 50 | 154½ | +4⅞ | 2.54 |
| [illegible] | | | | |

| BOND WARRANTS | | | | |
|---|---|---|---|---|
| [illegible] | | | | |
| Finnish Exp Cr 12¾ 91 | 21/11/89 | 74⅝ | +⅝ | 10.47 |
| General Elec Crd 12 90 | 15/11/87 | 78½ | +⅝ | 10.91 |
| McDonalds 11⅛ 94 | 5/1/89 | 60 | 0 | 10.74 |
| Mitsubishi Fin 12⅝ 91 | 8/11/89 | 20 | +⅝ | 10.65 |
| Nordic Inv Bank 7⅞ 96 | 30/10/91 | 70 | +⅝ | 10.42 |
| Westpac Banks 12⅝ 92 | 31/1/90 | 6¾ | 0 | 7.77 |
| Weyerhaeuser C 11½ 90 | 15/11/87 | 68¾ | 0 | 10.75 |
| | | 20 | 0 | 10.20 |

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price. Closing prices on October 2.


The past...
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# GE Credit buys Gelco to expand in leasing

By James Buchan in New York

GE CREDIT Corporation, the finance company subsidiary of the General Electric US consumer and industrial products group, has moved strongly to expand its leasing business with a $410m agreement to buy Gelco, the unsuccessful Minnesota-based company specialising in truck and container leasing.

GE Credit, which has grown from a small operation financing the hire-purchase of GE appliances to one of the largest USfinancial services groups, said it had reached agreement to buy Gelco for $35 a share. GE Credit will also take on some $160m in Gelco preferred stock.

Gelco, based in Eden Prairie, Minnesota, has reported only intermittent profits in recent years and is passing through a wide-ranging restructuring. The company, which last year rebuffed a hostile takeover bid from Coniston Partners, the New York investment firm, reported profits before tax of $11.5m on revenues of $993.3m in the year ended July.

Mr Gary Wendt, president of GE Credit, said: "The addition of Gelco's expertise and customer base will accelerate our growth in and commitment to the nation's key transportation leasing markets. The Gelco purchase is attractive and complementary to our growing positions in railcar, commercial and corporate aircraft, auto fleet and container leasing."

# RAS boosts first half net earnings 68%

By Our Financial Staff

RIUNIONE ADRIATICA di Sicurta (RAS), Italy's second largest insurance company, boosted consolidated net earnings by 68.2 per cent to L153.5bn ($115.8m) in the first half of 1987 from L91.3bn a year earlier.

Total group revenue increased by almost 10 per cent to L2,288bn lire in the first half from L2,081bn in the 1986 half. The latest earnings were after L20bn set aside for possible losses.

RAS, which is composed of nine Italian companies and 23 foreign-based subsidiaries, said consolidated group premium income grew 12.1 per cent to L3,911bn from L3,476bn.

# Singhania family acquires stake in Fenner (India)

BY JOHN ELLIOTT IN NEW DELHI

THE SINGHANIA industrial family of New Delhi has acquired a 24.7 per cent stake in Fenner (India), an offshoot of Fenner of the UK which is based in the southern Indian state of Tamil Nadu and manufactures industrial belting and allied products.

The stake is likely to rise soon, to nearly 30 per cent and could gradually lead to the UK handing over management control of the company, which is expected to make a loss this year after reporting pretax profits of Rs7.2m ($533,000) on a turnover of Rs480m in 1985-86.

In the past couple of years there has been a spate of partial takeovers of old and often ailing offshoots of British companies such as Chloride, GKN, Dunlop, and Metal Box. The UK Rover Group's stake in Ashok Leyland is currently up for sale.

The Indian businessmen involved mostly come from the Marwari caste which includes the Singhania family. The Marwaris generally are expected to follow up acquisitions of their initially often small financial stakes by seeking full control of the companies.

The Singhania JK group has bought for about Rs24m a 24.7 per cent stake in Fenner (India) held by Madura Coats of Bangalore, which in turn is 40 per cent owned by Coats Vyella of the UK. Madura Coats decided last year to break its link with Fenner and chose Singhania from a number of Indian bidders.

Fenner of the UK has used this sale as a way of injecting Indian entrepreneurial and managerial skills into the company, and it was involved in the selection of Singhania as the partner. It is expected soon to reduce its stake in the Indian company from 40 per cent to 35 per cent by selling 5 per cent to the Singhanias.

The company is to be jointly managed by the Indian and UK interests, but Fenner of the UK might soon decide to discontinue its existing practice of appointing a UK executive as managing director. The Singhanias could then gain effective managerial control.

# Hemlo gold mine ruling upheld

BY ROBERT GIBBENS IN MONTREAL

THE ONTARIO Court of Appeal has awarded control of one of North America's richest gold mines to International Corona Resources, upholding a lower court decision of March 1986.

The court ruled that LAC Minerals committed a breach of trust in 1981 when it bought claims that make up the Page-Williams Gold Mine at Hemlo, northern Ontario, while negotiating with Corona for a joint venture development agreement.

LAC, the court ruled, had improperly used information provided by Corona, then a small Vancouver mining company controlled by promoter Mr Murray Pezim, and failed in a fiduciary relationship.

LAC said it is studying the 126-page judgment. It can appeal to the Supreme Court of Canada.

LAC spent C$200m to develop the mine and mill and has operated it in trust since March 1986 pending the appeal court ruling. The mine produced revenues of C$112m last year.

The ruling values the mine at C$700m though it is probably worth several billion dollars on the basis of probable reserves.

Corona is now controlled by Royex Gold, which operates the adjacent David Bell Mine. Teck Corporation owns half the David Bell Mine and under a previous agreement will own half the Page-Williams mine with Corona.

The two mines will have combined annual output of nearly 700,000 ounces when an expansion at Page-Williams is completed.

# Jardine Strategic profits

JARDINE STRATEGIC Holdings, the investment arm of the Jardine Matheson group, has reported a net profit of HK$190m (US$24.3m) for the six months ended June 30, writes Our Financial Staff.

Last week the company took a 20 per cent stake in Bear Stearns, the Wall Street securities house, for US$391m. It sought to dispel speculation that it might finance this purchase with equity issues.

This is the first set of profit figures for the company, 41 per cent owned by Jardine Matheson Holdings, which was created in November 1986 with assets of some HK$6.25bn. It has large stakes in Dairy Farm, Hongkong Land and Mandarin Oriental Hotel Group as well as a stake in Jardine Matheson.

The net profit figure excludes extraordinary profits of HK$77m, mainly from its share of Hongkong Land's extraordinary profits from land sales.

Mr Peter Collins, a director, said the company still plans to finance the purchase of Bear Stearns through bank borrowings.

There also has been speculation that Jardine may reduce its 26 per cent stake in Hongkong Land.

Jardine Strategic currently has total debts of between HK$700m and HK$800m.

# Brazil spending by Philips

PHILIPS DO BRASIL, a subsidiary of the Dutch electronics group, is to invest $400m in Brazil to install new lighting technology and components for colour television tubes over the next four years, Reuter reports from Rio de Janeiro.

The company said the investment plan, which has been approved by the board, predicted a $130m investment already in 1988.

The new investment represents an additional 70 per cent over the total so far injected by the Dutch company in its 16 plants already installed in Brazil.

# Kongsberg break-up deal near completion

By Karen Fossli in Oslo

DISMANTLING of Kongsberg Vaapenfabrikk (KV), the debt-ridden Norwegian arms maker, will finally be completed this week with the probable agreement on a deal which will secure the future of Norwegian Defence Technology (NDT), a state company formed earlier this year to protect the technology built up by KV.

NDT, which is overseen by Norway's Ministry of Defence, is to pay NKr420m ($63m) to acquire the manufactured stocks of KV as part of the transfer agreement between the two.

The ministry, the boards of KV and NDT and the committee representing creditors of the old KV have agreed in principle that the ministry will provide the NKr420m, which represents 60 per cent of the book value of existing KV stocks.

The deal also allows the ministry to deduct a dividend which, under the terms of the agreement, is likely to be 40 per cent of the total owed to creditors. After allowing for the stocks payment the ministry is to take a loss on the deal of NKr250m.

Tomorrow the 1988 budget for the Defence Ministry will be presented in the Storting (parliament) in which a suggestion on how the ministry is to pay for the transfer of KV's stocks to NDT will be put forward in an "adjustment proposition."

It has been estimated that the amount to be paid by the ministry to secure the deal is about one-half of the real increase in its 1988 budget (or NKr 500m) over the 1987 budget.

The deal will still require the approval of the boards of KV and NDT, the ministry and the committee representing the creditors. Thirty-three foreign banks are owed about NKr1.6bn of KV's outstanding NKr2.3bn debt.

The Storting will also have to ratify the deal before it can be implemented. About NKr2bn-3bn worth of outstanding contracts will be transferred from the KV defence division to NDT.

One contract calls for the development of the Penguin missile which could be lost if the US is to implement a trade ban as a punitive measure for Kongsberg's involvement with Toshiba in the supply of technology to the Soviet Union

## NEW INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Book runner | Offer yield % |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Keppel Corp§‡ | 75 | 1997 | 10 | 2¾ | 100 | Morgan Grenfell | 2.750 |
| Koyo Seiko‡# | 60 | 1992 | 5 | 3½ | 100 | Nikko Secs (Europe) | 3.500 |
| Taisei Prefab Con.‡# | 40 | 1992 | 5 | 3½ | 100 | Nikko Secs (Europe) | 3.500 |
| Hazama-Gumi‡# | 50 | 1992 | 5 | 3⅜ | 100 | Daiwa Europe | 3.375 |
| Asahipen Corp.‡# | 30 | 1992 | 5 | 3½ | 100 | Nomura Int. | 3.500 |
| Morita Fire Pump Mfg.‡# | 25 | 1992 | 5 | 3½ | 100 | Yamaichi Int. (Eur) | 3.500 |
| C. Itoh Fuel Co.‡# | 50 | 1992 | 5 | 3½ | 100 | Nikko Secs (Europe) | 3.500 |
| Taio Paper Mfg. Co.‡# | 70 | 1992 | 5 | 3½ | 100 | Yamaichi Int. (Eur) | 3.500 |
| Sumitomo Electric Ind.‡# | 200 | 1992 | 5 | 3⅛ | 100 | Daiwa Europe | 3.125 |
| Sabre V1†(a)‡ | 72 | 1992 | 5 | 25bp | 100.05 | Yamaichi Int. (Eur) | * |
| Canon Inc.‡ | 300 | 1992 | 5 | (3⅛) | 100 | Yamaichi Int. (Eur) | * |
| Canon Inc.‡ | 200 | 1993 | 6 | (3⅞) | 100 | Nomura Int. | * |
| Kao Corp.‡ | 100 | 1992 | 5 | (3⅛) | 100 | Nomura Int. | * |
| Senko Co.‡ | 40 | 1992 | 5 | (3½) | 100 | Daiwa Europe | * |
| Ryoden Trading Co.‡ | 30 | 1992 | 5 | (3½) | 100 | Daiwa Europe | * |
| Daishowa Paper Mfg.‡ | 70 | 1992 | 5 | (3½) | 100 | Nikko Secs (Europe) | * |
| News Int.(c)# | 100 | 1990 | 3 | 9 | 100⅛ | Banque Paribas | 8.951 |
| Tosoh Corp.‡ | 200 | 1992 | 5 | (3¼) | 100 | Yamaichi Int. (Eur) | * |
| Fuji Bank§ | 200 | 2002 | 15 | (1¼) | 100 | Fuji Int. Fin. | * |
| Nippon Paint‡ | 70 | 1992 | 5 | (3½) | 100 | Nikko Secs. (Europe) | * |
| Ogden Corp.§ | 75 | 2002 | 15 | 5¾ | 100 | Salomon Bros. | 5.750 |
| **CANADIAN DOLLARS** | | | | | | | |
| Genelcan‡# | 50 | 1992 | 5 | 10½ | 113¼ | Dominion Secs. | 7.247 |
| Shell Canada# | 100 | 1992 | 5 | 11½ | 101¼ | Wood Gundy | 11.160 |
| Credit Lyonnais* | 75 | 1990 | 3 | 11⅞ | 101¼ | Credit Lyonnais | 10.865 |
| **AUSTRALIAN DOLLARS** | | | | | | | |
| Nat. Westminster Bank# | 50 | 1992 | 5 | 13⅛ | 101⅞ | County NatWest | 12.597 |
| World Bank# | 70 | 1994 | 7 | 12¾ | 101⅝ | Banque Paribas | 12.390 |
| GMAC Australia# | 60 | 1991 | 3¼ | 13 | 101⅜ | Hambros Bank | 12.404 |
| SBC Australia# | 75 | 1991 | 4 | 12⅝ | 101¼ | SBCI | 12.048 |
| **D-MARKS** | | | | | | | |
| Minolta Camera Co.§# | 200 | 1997 | 10 | 0 | 100 | WestLB | - |
| Leykam Muerztaler‡# | 100 | 1994 | 7 | 6½ | 125 | Deutsche Bank | 2.554 |
| Sodick Co.§ | 50 | 1993 | 7 | (1½-¾) | * | Nomura Europe | * |
| Ind. Bank of Japan# | 100 | 1992 | 5 | 5⅞ | 100 | IBJ (Germany) | 5.875 |
| World Bank**# | 200 | 1992 | 5 | 5⅞ | 99¾ | Bayerische Landesbk | 5.934 |
| **SWISS FRANCS** | | | | | | | |
| D'Or Val Mines§ | 35 | 1995 | - | 5⅞ | 100 | Banque Indosuez | 5.961 |
| San-Ai Oil Co.**§# | 80 | 1993 | - | ⅜ | 100 | Credit Suisse | 0.375 |
| Nichimo Corp.*§ | 100 | 1993 | - | (⅝) | 100 | Handelsbank NWest | * |
| Oest. Elektrizitats# | 60 | 1998 | - | 5¼ | 100 | UBS | 5.250 |
| Oest. Elektrizitats# | 120min. | 1994 | - | 5 | 100¼ | UBS | 4.957 |
| Gunei Chemical Ind.**§ | 100 | 1993 | - | (⅝) | 100 | SBC | * |
| Topura Co.**‡ | 20 | 1992 | - | (1¼) | 100 | UBS | * |
| Continental Health◊ | 20 | 1995 | - | (7) | (100) | Bqe Gutzwiller K.B. | * |
| Hyakujushi Bank** | 80 | 1993 | - | (⅝) | 100 | Credit Suisse | * |
| Fuji Bank**§ | 200 | 1993 | - | (½) | 100 | UBS | * |
| Fuji Bank§ | 200 | 1993 | - | (½) | 100 | UBS | * |
| Japan Tobacco# | 150 | 1994 | - | 5 | 100¼ | UBS | 4.957 |
| Carter Holt Harvey#§ | 100 | 1997 | - | 3⅛ | 100 | Warburg Soditic | 3.149 |
| Sandhurst Mining§(e) | 20 | 1994 | - | (6) | (100) | Bqe Gutzwiller K.B. | * |
| Wakita & Co.**§ | 45 | 1993 | - | (⅝) | 100 | Swiss Volksbank | * |
| **STERLING** | | | | | | | |
| Royal Bk of Scotland#‡ | 50 | 1994 | 7 | 8¼ | 100 | SBCI | 8.250 |
| **LUXEMBOURG FRANCS** | | | | | | | |
| Skopbank (Cayman)#** | 300 | 1992 | 5 | 7⅜ | 100 | Caisse d'Ep Lux. | 7.375 |
| **AUSTRIAN SCHILLINGS** | | | | | | | |
| Austria#†(b) | 3bn | 1990 | 3 | ⅛ | 100 | Creditanstalt-Bk | - |
| **FRENCH FRANCS** | | | | | | | |
| Finland#†(d) | 700 | 1994 | 7 | 15bp | 100 | CCF | - |

* Not yet priced. ‡ With equity warrants. § Convertible. † Floating rate note. ‡ With gold warrants. ** Private placement. ◊ Currency-linked. (a) 25bp over 6m Libor. (b) ⅛ over Vibor, extendible to 1994. (c) Convertible in 1988 into FRN due 1990 - paying 25bp over 3m Libor. (d) 15bp over Libor (first coupon one-year + 25bp either Libor or Pibor after 3m rate). If Libor = or exceeds Pibor + 25 bp then converts to 25bp over Pibor. (e) Double convertible into stock or gold cash equivalent. Note: yields are calculated on AIBD basis.

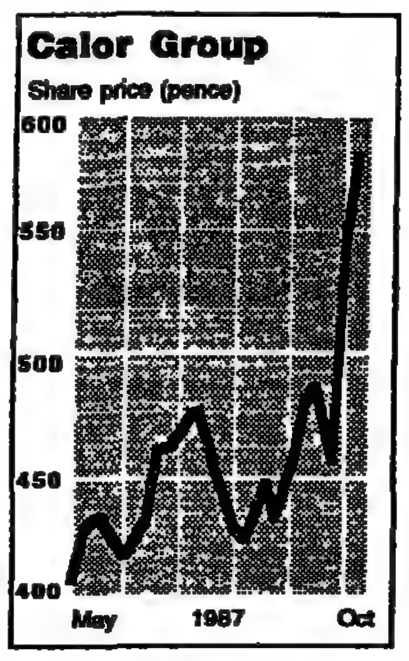
**Lucy Kellaway** on Burmah Oil's moves to acquire Calor

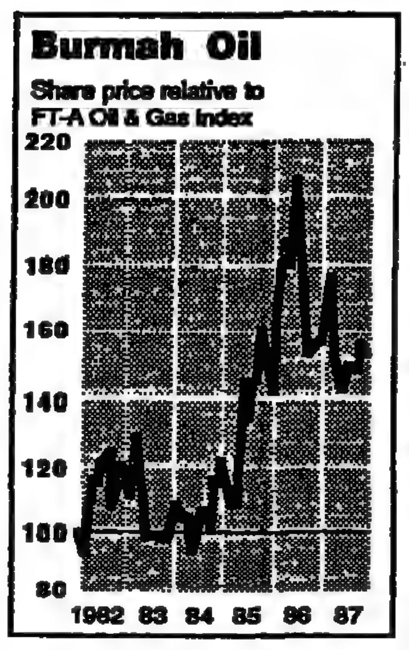
# Dutch hold key to future

FINANCIALLY secure group, aged 100, healthy again after traumatic restructuring, seeks a large company, involved in speciality oils or chemicals to share marketing experience. Growth prospects essential, nationality unimportant although some British earnings preferred.

Burmah Oil's notice has been posted for many months, but until last week there was no sign of any company answering to the description.

However, on Thursday Burmah was forced by tell-tale share movements into a premature announcement that its chosen target was Calor, the £750m bottled gas company. It revealed that any approach would be made in conjunction with Calor's largest shareholder, SHV, the private Dutch company.




If the choice came as a surprise, it was not because it clashed with Burmah's requirements, but because Calor was believed to be safe with SHV owning 29.9 per cent of the shares. The Dutch company acquired the stake earlier this year as part of a defensive plan to break up Calor's parent, Imperial Continental Gas, into supposedly bid-proof units.

No matter how the deal is carved up between the two bidders, the acquisition of all or part of Calor would be a major step for Burmah, which at £1bn is only just the larger of the two companies. Nevertheless, there was little doubt in the City last week that in making a bid Burmah would not be unduly overreaching itself.

Earlier this year Burmah finally declared that the restructuring, which has been in spasmodic progress since the group was rescued by the Bank of England 13 years ago, was complete. After more than 40 disposals over the last three years, Burmah has been recast by chairman Mr John Maltby into a group with two main parts, oil and speciality chemicals.

While Calor's bottled gas has no obvious place in either compartment, its business has important overlaps with Castrol, Burmah's main subsidiary. Both have secured themselves a dominant position in specialised markets partly through successful branding. Both have consistently achieved growth in what are supposed to be mature areas, through gaining market share and by moving into new areas.

Most City analysts suggested last week that Castrol, by dint of remarkably skilfull marketing, had on average performed better than Calor. Burmah, they argued, could therefore be able to improve the Calor performance by improving its marketing efforts.

While this might be true in UK markets, it would be wrong to expect that Castrol could apply its own formula for successful international expansion to Calor. The company has tried several times to establish itself in the market for bottled gas overseas, and each time found established players too large to shift. Even Castrol would probably reach the conclusion that international opportunties in liquified petroleum gas were disappointingly limited.

From a fiscal point of view, the acquisition of Calor would make good sense. Last year Burmah found itself paying about £10m too much tax because it did not have enough earnings to cover its Advance Corporation Tax bill - a problem that would vanish with the addition of Calor's UK earnings.

However, this is not how Burmah would like the deal to be judged. After having spent the last few years unscrambling an unsuccessful acquisitions policy that had been fiscally driven, the company is more sensitive than most to the need for a acquistions to be soundly based.

Bounced into an unwelcome early announcement, neither company would say anything last week on how the deal would be structured, or how the assets would be divided between them, leaving City analysts with ample scope for speculation.

According to Mr Michael Unsworth, oil analyst at Smith New Court, Burmah would certainly wish to have full control of Calor for the sake of tidyness and in order to gain full access to its cash flow. Others maintained that a minority stake would do the trick.

The outcome will hinge on the wishes of SHV, which with 29.9 per cent stake in Calor compared to Burmah's 2.4 per cent stake, is perhaps in the stronger negotiating position. As SHV acquired its stake in Calor earlier this year with the express purpose of gaining a foothold in the UK bottled gas market to match similar stakes in European market, it is doubtful whether it would want to exchange its holding for a smaller percentage stake in the enlarged Burmah Oil.

News of the impending bid for Calor has caused a shock of excitment to run through the independent oil sector, as a deal with Burmah would almost certainly result in a change in ownership of Calor's 58.8 per cent stake in Century Power and Light. Earlier this year Burmah, which had been involved in oil and gas exploration for all of its 100 years, pulled out of the North Sea. It is therefore unlikely to want to move back through the acquisition of Calor.

Several possibilities present themselves. SHV, which earlier this year bought a major stake in the Brae field in the North Sea, might take the Century stake. Alternatively, Carless Capel and Leonard, which owns the rest of Century, is more than enthusiastic at the prospect of owning the whole company.

About a year has passed since Burmah was first believed to be looking attentively at Calor. While its slow approach may have prevented it from doing anything foolish, the delay has not been cheap. It must be a little frustrating for the company to reflect that the sort of price that it will have to pay for to win control of Castol, would this time last year have been enough to buy the whole of the old Imperial Continental Gas.

## S & N attacks M Brown investment

BY MIKE SMITH

Scottish & Newcastle Breweries yesterday launched a fierce attack on an investment in a time share group by Matthew Brown, the Blackburn brewer for which it has launched a £194m bid.

In its offer document to shareholders, it says Brown's £13m diversification into Langdale is "illogical, expensive and defensive."

S & N contrasts its record of profit and earnings growth to that of Brown, which showed a decline in profits in its latest half-year results.

Under S & N, Brown would retain its name, brands and individuality. In addition Theakston would be re-established as an independent operation under its own management but its market position "will be developed nationally."

S & N, however, reserves the fire of its attack for the acquisition of 50 per cent of Langdale. It says Brown failed to disclose to shareholders a "critical feature of the deal which seems designed to make it harder for an unrecommended offer to succeed."

Under the deal, it says, certain Langdale shareholders retained 365,842 shares in Brown, the holders of which could not accept a takeover offer or sell the shares in the market in the event of an unrecommended bid.

"It is shareholders in Matthew Brown who should be allowed to decide on the merits of an offer for their shares - not the management," says S & N.

S & N, which already holds 29.7 per cent of Brown, is offering three of its shares for each Brown share, valuing each ordinary at 786p. There is a cash alternative of 758p per share.

## Burford expansion

Burford Group, a USM quoted property concern,has acquired for £28m a portfolio of properties from Centrovincial Estates, a subsidiary of Singer & Friedlander Group.

The purchase wil be satisfied by £20m in cash and the issue of 1.8m new Burford shares.

The portfolio comprises four properties to be held for investment and two for trading.The investment properties, for which the consideration is £21.5m.

# TR Natural Resources rejects Platou bid

BY MIKE SMITH

TR Natural Resources, the investment trust run by Touche Remnant, has rejected a bid for control by Platou Investment, an unlisted Norwegian investment concern.

Its advice to shareholders followed a week of deliberations following the offer by Platou aimed at acquiring up to 54 per cent of the trust.

TRNR said that acceptance of the share offer would lead to a substantial reduction in shareholders' income and that Platou was offering only 94 per cent of asset value in cash for shares. In addition acceptance of the cash offer could involve many shareholders in an immediate liability to capital gains tax.

Platou, which already holds 29.9 per cent of TRNR, said on launching the bid that it was pleased with its investment made in November. It wanted the listing to be maintained.

TRNR said yesterday that in the year to August 31 net assets attributable to ordinary shareholders increased by more than 50 per cent. It was confident holdings in the trust would prove rewarding over the longer term.

In its rejection document the trust pointed out that the Platou shares were non-voting and would not be listed on any stock exchange.

Platou was a wholly different investment vehicle to "TRNR which" has a well spread international natural resources portfolio and a tax efficient status. Platou on the other hand is substantially invested in a limited range of Norwegian securities and has a less favourable tax treatment."

TRNR is one of an 11-strong stable of trusts and shareholders include BP, Kidston and Placer Development. According to Wood Mackenzie, net assets are about 112p a share. On Friday the shares closed at 100p.

Last month TR Pacific Basin Trust saw off a bid by Thornton Pacific Investment Fund after producing attractive alternative proposals which enabled shareholders to cash in or value their holdings at close to net asset value or remain with a new investment trust.

The move sparked speculation that other TR trusts may follow suit, although Platou has denied that its bid for TRNR is related to the Thornton approach.

## Ulster TV profits fall to £1.91m

Taxable profits at Ulster Television fell from £2.16m to £1.91m on turnover up from £18.55m to £20.01m in the year to July 31 1987.

The directors proposed a final dividend payment of 2p - up from an adjusted figure of 1.49p last time - to give a total of 3.7p (2.7p). After tax of £732,000 (£887,000), basic earnings per share fell from 13.31p to 12.11p and on a fully diluted basis they dropped from 12.48p to 11.38p.

Advertising revenue increased from £17.43m to £18.51m; programme sales from £850,000 to £1.24m; and other trading income fell from £270,000 to £268,000. TV operating profit rose from £1.23m to £1.25m and investment income slipped from £371,000 to £290,000. Profit on the disposal of investment fell from £567,000 to £371,000.

## Overseas boost lifts J.Crean to I£4m

James Crean, frozen-food products group, produced a 55 per cent improvement in interim pre-tax profits to I£3.95m (£3.55m) boosted by good performances from its overseas activities.

Declines in consumer spending and retail sales in Ireland held back the profits rise but the more favourable trading environment overseas saw satisfactory performances in Freezer Queen Foods in the US and in the group's electrical distribution business, the Wade Group in the UK and County Wholesale in the US.

International Aircraft Services, the Shannon-based aircraft leasing business in which Crean has a minority investment, contributed £157,000 (£187,000).

Turnover for the six months to June 30 rose from £50.57m to £57.72m. Interest added £50,000 (£597,000 paid) and tax rose from £535,000 to £748,000. Earnings per share rose from 11.3p to 14.1p. The interim dividend is 6p (5.5p).

## Bunzl US$13m purchase

Bunzl,through its Filtrona division, has acquired Techmet Company of the US,for US$13.2m (£8.3m sterling).

Based in Dayton,Ohio, Techmet manufactres a wide range of laser-based non-contact measuring devices and systems, which complement the Filtrona range of tape and gauging equipment, the directors stated.

Techmet was expected to achieve pre-tax profits of around $2m for 1987.

## PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except when the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

| | Date | Announcement last year |
|---|---|---|
| AB Foods | Nov 3 | Interim 2.2 |
| * Abbey Life | Oct 14 | Interim 2.5 |
| Beyam | Oct 15 | Final 2.25 |
| * Brent Walker | Oct 9 | Interim 3.5 |
| Ferguson Ind | Oct 23 | Interim 3.1 |
| * Glaxo | Oct 12 | Final 10.0 |
| Hammerson | Oct 22 | Interim 2.0 |
| Harris Q'Way | Oct 30 | Interim 1.75 |
| * Hawker Siddeley | Oct 21 | Interim 5.0 |
| * London and Northern | Oct 23 | Interim 2.1 |
| Marks and Spencer | Oct 28 | Interim 1.4 |
| Rosehaugh | Nov 6 | Final 1.0 |
| * UEI | Oct 14 | Interim 2.1 |
| Wolseley | Oct 28 | Final 6.0 |



## FINANCIAL TIMES STOCK INDICES

| | Oct. 2 | Oct. 1 | Sept. 30 | Sept. 29 | Sept. 28 | Sept. 25 | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs. | 85.65 | 85.72 | 85.55 | 85.51 | 85.86 | 85.45 | 93.32 | 84.49 | 127.4 | 49.18 |
| Fixed Interest | 92.16 | 91.84 | 91.61 | 91.76 | 92.02 | 91.64 | 99.12 | 90.23 | 150.4 | 50.53 |
| Ordinary | 1872.3 | 1860.9 | 1853.7 | 1849.8 | 1851.3 | 1831.6 | 1926.1 | 1320.2 | 1926.2 | 49.4 |
| Gold Mines | 438.2 | 444.9 | 453.1 | 456.9 | 462.6 | 467.1 | 497.5 | 288.2 | 734.7 | 43.5 |
| FT-Act All Share | 1221.32 | 1214.97 | 1208.89 | 1208.47 | 1206.99 | 1195.42 | 1238.57 | 835.48 | 1238.57 | 61.92 |
| FT-SE 100 | 2382.2 | 2373.8 | 2366.0 | 2368.3 | 2368.1 | 2342.6 | 2443.4 | 1674.5 | 2443.4 | 986.9 |

# Stanhope ready for USM and valued at £200m

BY PHILIP COGGAN

**Stanhope Properties**, the property development company headed by Mr Stuart Lipton, is joining the Unlisted Securities Market via an offer-for-sale by tender which values the group at £200m.

Stanhope is engaged, through a joint venture with Mr Godfrey Bradman's Rosehaugh group, in the 3.3m square feet development of the Broadgate office complex in the City. It also manages developments such as Stockley Park, near Heathrow Airport and Paternoster Square, by St Paul's Cathedral.

The company intends to pay only nominal dividends to shareholders - its financial objective is to maximise its net assets. In the year to June 30, its pre-tax profits were just £493,000.

After including the net proceeds of the offer at the minimum tender price, the pro-forma net tangible assets of the company are £130.7m. That compares with only £73,000 three years ago.

The proceeds of the offer will be used to pay off the group's existing borrowings. The group has also arranged a £50m two-year revolving credit facility to fund existing and future developments; it hopes to replace that with a longer term £100m multi-option facility in due course.

S G Warburg is offering 11.11m shares, 10 per cent of the equity, at a minimum tender price of 180p per share. Applicants are invited to tender for a minimum of 200 shares.

**• comment**

The magic of the names of Mr Stuart Lipton and Mr Godfrey Bradman seems certain to generate plenty of interest in this issue; the question is whether the tender route will deter enough of the applicants to take the excitement out of the aftermarket. Although a market capitalisation of 1.6 times net assets looks a hefty premium, add in the next couple of Broadgate phases and the premium evaporates; however, the stock market is likely to see the group's principal assets not as bricks and mortar but as the development skills of Mr Lipton and the financial acumen of Mr Bradman. Enthusiasm for the star names is likely to overcome dislike of the flotation mechanism; a striking price somewhere in the range between 220p-250p should be the result. Given the recent new issue fever, private investors who want to be assured of shares should be tendering nearer the higher figure.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Asda Property, Percy Bilton, British Dredging, Brown Shipley International Currency Fund, Brown Shipley Sterling Bond Fund, Brown Shipley Sterling Capital Fund, Debtor, James Finlay, Formum & Mason, Forward Group, Frank G. Gates, Hawden-Stuart Plant, Laidlaw Thomson, Lamont, North British Canadian Investment, PML.

Finals- AC Holdings, James Halstead, Lloyds Chemists.

FUTURE DATES

| | |
|---|---|
| Interims- | |
| Southend Stadium | Oct 7 |
| Svenska Cellulosa | |
| Aktiebolaget | Oct 14 |
| TDS Circuits | Oct 15 |
| UEI | Oct 14 |
| Finals- | |
| Bailey (Ben) Construction | Oct 8 |

# Concorde Energy falls into the red with £1.2m loss

**Concorde Energy**, holding company which has subsidiaries involved in the exploration for and production of oil and gas mainly in the US, dropped into the red with taxable losses of £1.15m in the first half of the year compared with a slight profit of £6,000 last time.

The company, formerly Petranol, also announced that it is to buy for $12m (£7.4m) Great Lakes Properties, the principal asset of which is Del Amo Enery which owns the Del Amo Field in Torrance, California close to Concorde's existing south-east Torrance field.

It said that the acquisition would almost double Concorde's current production and increase its proven reserves by more than 50 per cent.

It will fund the deal and $9m of development costs by an open offer to shareholders to raise about £13.1m on a basis of up to two new shares at 78p each for every seven existing ones held.

In order to maximise recovery, Concorde said that substantial remedial was necessary at a total cost of about $13.35m. The difference between the funds from the open offer earmarked for this and the overall figure would be made up frominternally-generated cash flow. Concorde's turnover for the first six months of 1987 was cut from £3.15m to £1.52m. After a provision of £554,000 (nil) against deferred tax, the loss per 10p share amounted to 5.88p

# Clogau Gold Mines recovery

THE RESULTS from **Clogau Gold Mines** for the year to March 31 last show that losses have more than halved at £490,000 compared with a £1.1m for the previous year; the figures included exceptional debits of £100,000 (£579,191).

Turnover for the year fell from £80,138 to £8,340, reflecting the mining activities at Clogau St Davids and Bontddu being placed on care and maintenance basis.Last October Clogau completed the acquisition of mining leases relating to the Goldfield and Golden Arrow prospects in Nevada, US. The loss per 10p share for this USM-quoted came out at 2.75p (7.85p).

Preliminary results of a study by Homestake Mining, which has entered into a joint venture with Clogau at Golden Arrow, were said to be encouraging. At the Goldfield site conflicting results had come from drilling, bulk sampling on a trial heap leach pad and some underground work.

Since the year end the company has granted an option to Cavewise to acquire the lease at Clogau St David's and certain plant and machinery on site. The deal would result in the company retaining a 20 per cent interest in the envisaged operation of Cavewise, which included a combination of tourism and further development of the mine.

The board was also reviewing new opportunities overseas in conjunction with Giant Resources and looked forward to an expansion programme in the resource sector which would continue the diversification programme already begun.

## Save & Prosper

**Save & Prosper Sterling Deposit Fund**, an open-ended investment company, incurred a net loss of £2,152 in the year to August 31 compared with a profit of £2,967 last time. The directors declared an interim dividend of 0.09p (0.25p) per participating share and undistributed income carried forward amounted to £20 (£3,258).

## Sidney Banks

Shareholders were told at the annual meeting of **Sidney C. Banks**, grain and agricultural merchant, that the 1987 harvest had been disapointing in quantity and quality and that the company had had to obtain supplies from outside its usual area.

# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

**Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries**

| NATIONAL AND REGIONAL MARKETS | FRIDAY OCTOBER 2 1987 | | | | | THURSDAY OCTOBER 1 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (91) | 169.89 | +1.7 | 155.33 | 157.69 | 2.48 | 167.03 | 153.14 | 156.36 | 180.81 | 99.92 | 86.00 |
| Austria (16) | 100.09 | +0.2 | 91.51 | 95.80 | 2.17 | 99.84 | 91.54 | 95.86 | 102.87 | 85.53 | 94.65 |
| Belgium (48) | 125.61 | +0.5 | 114.85 | 118.95 | 3.98 | 125.03 | 114.64 | 118.71 | 134.89 | 96.19 | 90.88 |
| Canada (130) | 136.47 | –0.1 | 124.77 | 129.20 | 2.27 | 136.61 | 125.25 | 129.24 | 141.78 | 100.00 | 97.58 |
| Denmark (38) | 115.59 | –0.1 | 105.69 | 111.27 | 2.63 | 115.66 | 106.05 | 111.69 | 124.83 | 98.18 | 96.25 |
| France (122) | 108.24 | +0.6 | 98.97 | 104.04 | 2.65 | 107.57 | 98.63 | 103.74 | 121.82 | 98.39 | 95.66 |
| West Germany (93) | 102.14 | +1.7 | 93.39 | 97.81 | 1.93 | 100.46 | 92.11 | 96.49 | 104.93 | 84.00 | 95.11 |
| Hong Kong (46) | 157.89 | –0.5 | 144.36 | 158.29 | 3.01 | 158.66 | 145.47 | 159.06 | 158.66 | 96.89 | 84.87 |
| Ireland (14) | 154.36 | +0.7 | 141.13 | 149.28 | 3.00 | 153.34 | 140.60 | 148.76 | 154.36 | 99.50 | 81.04 |
| Italy (97) | 90.19 | +0.0 | 82.46 | 89.52 | 2.13 | 90.15 | 82.66 | 89.75 | 112.11 | 84.22 | 100.07 |
| Japan (458) | 144.00 | +0.6 | 131.66 | 133.21 | 0.51 | 143.13 | 131.23 | 132.91 | 161.28 | 100.00 | 95.96 |
| Malaysia (36) | 175.76 | +0.5 | 160.71 | 171.75 | 2.14 | 174.95 | 160.41 | 170.91 | 193.64 | 98.24 | 88.84 |
| Mexico (14) | 386.62 | +1.1 | 353.50 | 665.56 | 0.45 | 382.57 | 350.77 | 658.80 | 422.59 | 99.72 | 71.93 |
| Netherland (37) | 124.33 | +0.5 | 113.68 | 117.61 | 3.81 | 123.74 | 113.45 | 117.38 | 131.41 | 99.65 | 97.00 |
| New Zealand (24) | 135.26 | +1.5 | 123.67 | 110.45 | 2.67 | 133.21 | 122.13 | 110.01 | 138.99 | 83.93 | 76.23 |
| Norway (24) | 177.95 | +1.1 | 162.71 | 162.44 | 1.68 | 176.06 | 161.43 | 161.07 | 185.01 | 100.00 | 104.66 |
| Singapore (27) | 165.94 | +1.2 | 151.72 | 160.28 | 1.51 | 163.99 | 150.35 | 158.13 | 174.28 | 99.29 | 89.95 |
| South Africa (61) | 180.01 | –0.4 | 164.59 | 132.30 | 3.17 | 180.70 | 165.68 | 132.81 | 198.09 | 100.00 | 102.28 |
| Spain (43) | 162.65 | +2.3 | 148.72 | 150.64 | 2.64 | 159.02 | 145.80 | 147.82 | 165.92 | 100.00 | 99.70 |
| Sweden (34) | 132.69 | +0.8 | 121.32 | 126.70 | 1.80 | 131.62 | 120.68 | 125.97 | 132.69 | 90.85 | 97.54 |
| Switzerland (53) | 109.67 | +1.2 | 100.27 | 104.33 | 1.59 | 108.38 | 99.37 | 103.44 | 110.00 | 92.01 | 93.94 |
| United Kingdom (336) | 158.87 | +0.7 | 145.25 | 145.25 | 3.10 | 157.73 | 144.62 | 144.62 | 162.87 | 99.65 | 90.64 |
| USA (586) | 134.06 | +0.3 | 122.58 | 134.06 | 2.74 | 133.70 | 122.59 | 133.70 | 137.42 | 100.00 | 97.21 |
| Europe (955) | 128.59 | +0.9 | 117.57 | 120.67 | 2.74 | 127.48 | 116.88 | 119.98 | 128.88 | 99.78 | 94.07 |
| Pacific Basin (682) | 145.35 | +0.6 | 132.89 | 134.68 | 0.69 | 144.43 | 132.43 | 134.36 | 158.77 | 100.00 | 95.15 |
| Euro–Pacific (1637) | 138.71 | +0.7 | 126.82 | 129.09 | 1.45 | 137.71 | 126.27 | 128.62 | 143.65 | 100.00 | 94.73 |
| North America (716) | 134.19 | +0.3 | 122.69 | 133.81 | 2.71 | 133.85 | 122.72 | 133.47 | 137.55 | 100.00 | 97.23 |
| Europe Ex. UK (619) | 109.77 | +1.0 | 100.37 | 105.28 | 2.42 | 108.68 | 99.65 | 104.56 | 111.97 | 98.02 | 96.20 |
| Pacific Ex. Japan (224) | 162.01 | +0.9 | 148.13 | 153.10 | 2.61 | 160.55 | 147.21 | 152.51 | 164.03 | 99.92 | 84.98 |
| World Ex. US (1842) | 139.23 | +0.7 | 127.30 | 129.44 | 1.50 | 138.30 | 126.80 | 129.00 | 143.38 | 100.00 | 94.88 |
| World Ex. UK (2092) | 135.06 | +0.5 | 123.49 | 129.94 | 1.84 | 134.39 | 123.21 | 129.55 | 138.82 | 100.00 | 96.27 |
| World Ex. So. Af. (2367) | 136.90 | +0.5 | 125.17 | 131.32 | 1.96 | 136.18 | 124.86 | 130.90 | 139.47 | 100.00 | 95.73 |
| World Ex. Japan (1970) | 133.94 | +0.5 | 122.47 | 130.44 | 2.72 | 133.30 | 122.22 | 129.97 | 134.03 | 100.00 | 95.68 |
| The World Index (2428) | 137.18 | +0.5 | 125.42 | 131.36 | 1.97 | 136.46 | 125.12 | 130.95 | 139.73 | 100.00 | 95.77 |

Base values: Dec 31, 1986 = 100



## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov 87 Vol. | Nov 87 Last | Feb 88 Vol. | Feb 88 Last | May 88 Vol. | May 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $460 | 79 | 9.70 | — | — | — | — | $454.50 |
| GOLD C | $480 | 199 | 4 | 42 | 14.50 | — | — | " |
| GOLD C | $500 | 56 | 2.60A | 1 | 10 | 10 | 18 | " |
| GOLD C | $520 | 50 | 0.80 | 2 | 6 | — | — | " |
| GOLD P | $400 | 30 | 1.50 | — | — | — | — | " |
| GOLD P | $440 | — | — | — | — | 15 | 8.50 | " |
| | | Dec. 87 | | Mar. 88 | | June 88 | | |
| SILVER C | $800 | 10 | 20 | — | — | — | — | $751 |
| SILVER C | $900 | 8 | 11 | — | — | — | — | " |
| | | Oct. 87 | | Nov. 87 | | Dec. 87 | | |
| £/Fl C | Fl.340 | 200 | 0.70 | — | — | — | — | Fl.335.92 |
| | | Oct. 87 | | Nov. 87 | | Dec. 87 | | |
| $/Fl C | Fl.200 | 10 | 6.80 | — | — | — | — | Fl.207.35 |
| $/Fl C | Fl.205 | 188 | 2.70 | — | — | 20 | 3.70 | " |
| $/Fl C | Fl.210 | 10 | 0.30 | 30 | 1.30 | 20 | 1.60 | " |
| $/Fl P | Fl.200 | — | — | — | — | 7 | 1.60 | " |
| $/Fl P | Fl.205 | 2 | 0.60B | — | — | 11 | 3.20 | " |
| $/Fl P | Fl.235 | — | — | — | — | 12 | 28.80 | " |
| | | Oct. 87 | | Jan. 88 | | Apr. 88 | | |
| ABN C | Fl.48 | 263 | 0.40 | 242 | 2.70 | 13 | 4.20 | Fl.46.60 |
| ABN P | Fl.48 | 324 | 2 | 281 | 2.70 | 5 | 3.10 | " |
| AEGON C | Fl.100 | 35 | 0.10 | 4 | 2 | — | — | Fl.89.30 |
| AEGON P | Fl.85 | — | — | 27 | 2.80 | — | — | " |
| AHOLD C | Fl.110 | 6 | 6 | 80 | 9.50 | — | — | Fl.103.80 |
| AHOLD P | Fl.90.90 | 3 | 13.50A | — | — | — | — | " |
| AHOLD P | Fl.109.10 | 36 | 5.50 | — | — | — | — | " |
| AKZO C | Fl.180 | 629 | 1.80A | 402 | 9.60 | 11 | 14.10 | Fl.176.90 |
| AKZO C | Fl.170 | 88 | 0.50 | 109 | 6 | 25 | 8 | " |
| AMEV C | Fl.75 | 100 | 0.10 | — | — | — | — | Fl.60.50 |
| AMEV P | Fl.60 | 7 | 1 | 72 | 2.30 | 13 | 3.90 | " |
| AMRO C | Fl.85 | 168 | 0.50 | 12 | 3.60 | 10 | 5.60 | Fl.82.40 |
| AMRO P | Fl.80 | 53 | 0.50 | 44 | 2.50B | 10 | 3.30 | " |
| ELSEVIER C | Fl.65 | 58 | 0.30 | 298 | 3.30 | 4 | 4 | Fl.59 |
| ELSEVIER P | Fl.55 | — | — | 241 | 2.20 | 90 | 3.70 | " |
| GIST-BROC. C | Fl.50 | 405 | 0.70 | 73 | 3.30 | 8 | 4.60 | Fl.49.50 |
| GIST-BROC. P | Fl.45 | 10 | 0.10 | 25 | 1.10 | 55 | 2.50 | " |
| HEINEKEN C | Fl.180 | 14 | 1 | 37 | 7.70 | — | — | Fl.173.50 |
| HEINEKEN P | Fl.180 | 73 | 7.20 | — | — | — | — | " |
| HOOGOVENS C | Fl.50 | 21 | 0.40 | 55 | 3 | 3 | 4.90 | Fl.46.80 |
| HOOGOVENS P | Fl.40 | 100 | 0.10 | 15 | 1 | — | — | " |
| KLM C | Fl.50 | 385 | 4.60 | 63 | 7.20 | 5 | 9 | Fl.54.70 |
| KLM P | Fl.50 | — | — | 22 | 1.60 | 122 | 2.80 | " |
| NEDLLOYD C | Fl.180 | 51 | 12.20 | — | — | — | — | Fl.192 |
| NEDLLOYD P | Fl.120 | — | — | 40 | 0.70 | — | — | " |
| NAT.NED. C | Fl.80 | 90 | 0.10 | 86 | 2.10 | 43 | 3.60 | Fl.74 |
| NAT NED P | Fl.70 | 4 | 0.30 | 43 | 1.80 | — | — | " |
| PHILIPS C | Fl.55 | 134 | 0.30 | 812 | 2 | 114 | 3.10 | Fl.51.70 |
| PHILIPS P | Fl.50 | 25 | 0.30 | 390 | 1.80 | 7 | 2.80 | " |
| ROYAL DUTCH C | Fl.270 | 424 | 3.10 | 145 | 12 | — | — | Fl.268.40 |
| ROYAL DUTCH P | Fl.270 | 162 | 4.30 | 135 | 9.50 | 9 | 13.20 | " |
| ROBECO C | Fl.100 | 15 | 12.50 | — | — | 15 | 17 | Fl.112 |
| UNILEVER C | Fl.140 | 402 | 1.80A | 162 | 8.80A | 55 | 12.70B | Fl.139.50 |
| UNILEVER P | Fl.136 | 70 | 0.60 | 118 | 5 | — | — | " |

TOTAL VOLUME IN CONTRACTS: 25,815

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 10 | ● Charterhouse Bank | 10 | Nat Bk. of Kuwait | 10 |
| Adam & Company | 10 | Citibank NA | 10 | NatWestminster | 10 |
| Allied Arab Bk Ltd | 10 | City Merchants Bank | 10 | Northern Bank Ltd | 10 |
| Allied Dunbar & Co | 10 | Clydesdale Bank | 10 | Norwich Gen. Trust | 10 |
| Allied Irish Bank | 10 | Comm. Bk. N. East | 10 | PK Finans. Intl (UK) | 10½ |
| American Exp. Bk | 10 | Consolidated Cred | 10 | Provincial Trust Ltd | 11 |
| Amro Bank | 10 | Co-operative Bank | *10 | R. Raphael & Sons | 10 |
| Henry Ansbacher | 10 | Cyprus Popular Bk | 10 | Roxburghe G'rantee | 10½ |
| ANZ Banking Group | 10 | Duncan Lawrie | 10 | Royal Bk of Scotland | 10 |
| Associates Cap Corp | 10 | Equat'r'l Tst C'p plc | 10 | Royal Trust Bank | 10 |
| Authority & Co Ltd | 10 | Exeter Trust Ltd | 10½ | Smith & Williamson Secs | 10 |
| Banco de Bilbao | 10 | Financial & Gen. Sec | 10 | Standard Chartered | 10 |
| Bank Hapoalim | 10 | First Nat. Fin. Corp | 11 | TSB | 10 |
| Bank Leumi (UK) | 10 | First Nat. Sec. Ltd | 11 | UDT Mortgage Exp | ¶11.1 |
| Bank Credit & Comm | 10 | ● Robert Fleming & Co | 10 | United Bk of Kuwait | 10 |
| Bank of Cyprus | 10 | Robert Fraser & Ptrs | 11 | United Mizrahi Bank | 10 |
| Bank of Ireland | 10 | Girobank | 10 | Unity Trust PLC | 10 |
| Bank of India | 10 | Grindlays Bank | 10 | Western Trust | 10 |
| Bank of Scotland | 10 | ● Guinness Mahon | 10 | Westpac Bank Corp | 10 |
| Banque Belge Ltd | 10 | HFC Trust & Savings | 10 | Whiteaway Laidlaw | 10½ |
| Barclays Bank | 10 | ● Hambros Bank | 10 | Yorkshire Bank | 10 |
| Benchmark Tst Ltd | 10 | Heritable & Gen. Tst | 10 | | |
| Beneficial Trust Ltd | 11 | ● Hill Samuel | §10 | | |
| Berliner Bank AG | 10 | C. Hoare & Co | 10 | | |
| Brit Bk of Mid East | 10 | Hongkong & Shangh | 10 | | |
| ● Brown Shipley | 10 | Lloyds Bank | 10 | | |
| Business Mtge Tst | 10 | Meghraj & Sons Ltd | 10 | | |
| CL Bank Nederland | 10 | Midland Bank | 10 | | |
| Canada Permanent | 10 | ● Morgan Grenfell | 10 | | |
| Cayzer Ltd | 10 | Mount Credit Corp. Ltd | 10 | | |

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price | + or – | Net. Div. | Times Cov'd | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §130 | F.P. | — | 170 | 154 | Alba 10p | 170 | +7 | L3.8 | 2.2 | 3.1 | 17.4 |
| 221 | F.P. | — | 265 | 221 | Alexander (W) | 263 | –2 | 4.25 | 2.9 | 2.2 | 21.5 |
| 175 | F.P. | — | 240 | 215 | Anglo Leasing 10p | 240 | | L2.5 | 1.9 | 1.5 | 17.4 |
| ** | F.P. | — | 27 | 21 | Atlantic Assets Wrnts | 26 | –1 | — | — | — | — |
| §50 | F.P. | 9/9 | 101 | 58 | ‡Corp. Estates Prop.5p | 98 | | L0.75 | 2.4 | 1.0 | 53.5 |
| §106 | F.P. | — | 160 | 135 | ‡Dolphin Pack 5p | 160 | +5 | L2.0 | 3.5 | 1.7 | 22.7 |
| 10 | F.P. | 11/12 | 13¾ | 10 | EFM Dragon Trust 5p | 13¾ | | — | — | — | — |
| ¶¶ | F.P. | — | 268 | 253 | English & Caledonian Inv | 268 | +3 | — | — | — | — |
| 32 | F.P. | — | 142½ | 132 | ‡Explaura 5p | 142 | | — | — | — | — |
| ** | F.P. | — | 67 | 62 | First Spanish I. T. Wrnts | 62 | | — | — | — | — |
| 100 | F.P. | — | 107 | 98 | G.T. Venture 50p.● | 99 | +1 | — | — | — | — |
| ** | F.P. | — | 23 | 22 | Independent Inv. Wrnts | 22 | | — | — | — | — |
| §15 | F.P. | — | 128 | 121 | ‡Marcol 5p | 121 | | L2.3 | 2.1 | 2.6 | 25.6 |
| — | F.P. | — | 98 | 55 | Moorgate Inv. Warr | 90 | | — | — | — | — |
| §100 | F.P. | — | 108 | 103 | New Guernsey Securities | 108 | | — | — | — | — |
| §110 | F.P. | 4/8 | 281 | 185 | ‡Parkway 5p | 273 | +3 | R1.5 | 4.2 | 0.7 | 43.1 |
| $10.58 | F.P. | — | $21¼ | $15 | Portugal Fund $0.01 | $19¾ | | — | — | — | — |
| ¶¶ | F.P. | — | 128 | 105 | *Seacon Holdings | 120 | +2 | — | — | — | 18.2 |
| — | F.P. | 26/0 | 118 | 101 | Singer & Fr'dlander 10p | 113 | +3 | — | — | — | — |
| §60 | F.P. | — | 93 | 85 | ‡WSP Hldgs. 5p | 88 | | R1.4 | 3.0 | 2.2 | 20.7 |
| ¶¶ | F.P. | — | 166 | 143 | Zetters Leisure 10p | 161 | | L1.5 | 3.7 | 1.3 | 29.2 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price £ | + or – |
|---|---|---|---|---|---|---|---|
| 100 | F.P. | — | 110p | 105p | AGB Research 6.21 Cnv. Prf. | 110p | +1 |
| 100 | F.P. | — | 101p | 100p | Brit. & Comm. 4½p.c.Cm. Red.Prf. | 100p | |
| 100p | F.P. | — | 102p | 97p | Chesterfield Props 5¼pc Cr. Cm. Prf. | 100½p | |
| ¶¶ | F.P. | — | 145p | 130p | Merlin Intl. Cum. Red. Cnv. Prf. | 131p | |
| — | F.P. | — | 100⅛ | 99⅞ | W'wide Anglia 10½ pc. 12.9.88 | 100 | |
| — | F.P. | — | 100¼ | 99¾ | Do. 10⅝ pc.26.9.88 | 99¾ | |
| ¶ | Nil | — | 9½pm | 6½pm | New 5¾% Cnv. 2003 | 7½pm | |
| — | £25 | 11/11 | 25½ | 12¼ | North Housing Assoc. 8¾% Gtd.ln.2037 | 15¼ | |
| — | F.P. | — | 270p | 200p | Do. Zero Corp. Ln. 2027 | 220p | |
| 100p | F.P. | — | 113p | 110p | ‡Randsworth Tst. 7% Cum. Cnv. Red. Prf. | 111p | |

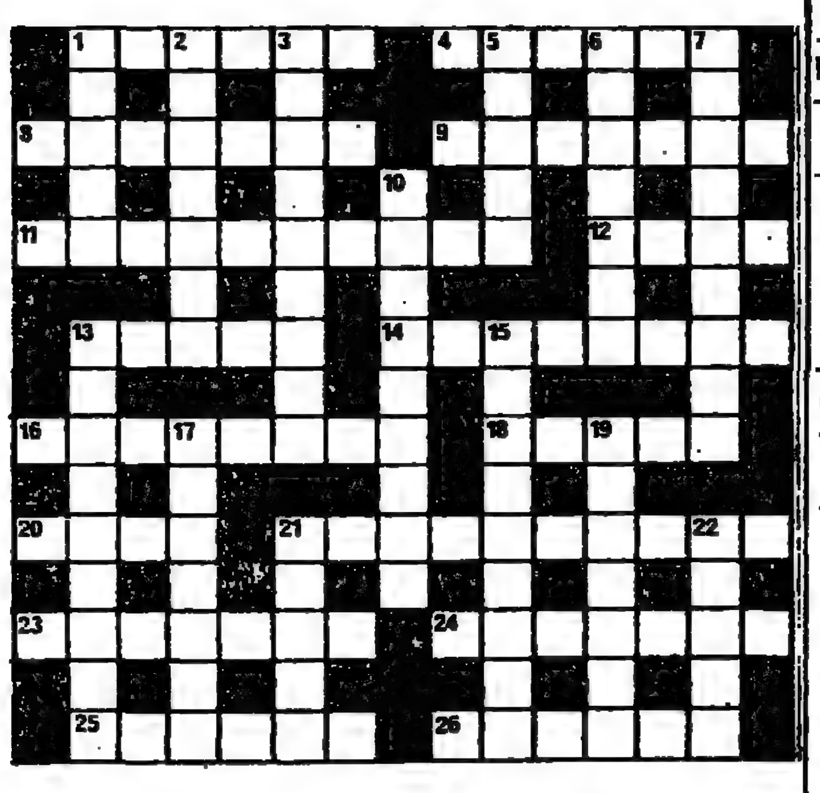
### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1987 High | 1987 Low | Stock | Closing Price p | + or – |
|---|---|---|---|---|---|---|---|
| 350 | Nil | — | 131pm | 108pm | AB Elect | 126pm | –1 |
| 30 | Nil | 6/11 | 103pm | 83pm | Amal. Fin. Inv. | 85pm | +2 |
| 100 | Nil | — | 203pm | 158pm | Arley | 203pm | +15 |
| 6 | Nil | — | 6pm | 5pm | Ass. Brit. Eng.1p | 5pm | |
| 470 | Nil | 13/11 | 50pm | 32pm | Booster | 50pm | |
| 200 | Nil | — | 34pm | 17pm | Bowthorpe 10p | 34pm | |
| 475 | Nil | 30/10 | 80pm | 49pm | Brit. Vita | 78pm | |
| ¶¶ | Nil | — | 18pm | 10pm | CDFC Units | 13pm | |
| 90 | Nil | — | 12pm | 4pm | Christy Hunt 1p | 12pm | +4 |
| 761 | Nil | — | 115pm | 105pm | Collins (W.) | 105pm | –3 |
| 637 | Nil | — | 75pm | 26pm | Do A N/V | 26pm | –4 |
| 257 | Nil | 30/9 | 57pm | 35pm | ‡Dewey Warren 10p | 50pm | |
| 75 | Nil | — | 20pm | 9pm | Forward Technology | 20pm | +1½ |
| 335 | Nil | 30/10 | 101pm | 83pm | Greenwich Res | 83pm | –3 |
| 138 | Nil | — | 36pm | 35pm | Harris (P) 20p | 35pm | –1 |
| 40 | Nil | — | 8½pm | 7pm | Hyman 5p | 7pm | –½ |
| 45 | Nil | — | 13pm | 9pm | Inoco | 9pm | |
| 400 | Nil | — | 65pm | 29pm | Macarthy 20p | 29pm | |
| 425 | Nil | — | 235pm | 125pm | ‡Miller & Santhouse 5p | 235pm | +15 |
| 210 | Nil | — | 28pm | 25pm | Optical & Medical 5p | 26pm | |
| 50 | Nil | 28/10 | 88pm | 78pm | ‡Peridos (J.) Meats | 88pm | |
| 2½ | Nil | — | 6pm | 3½pm | Property Trust 1p | 4½pm | +¼ |
| 390 | Nil | — | 53pm | 30pm | Stebe | 51pm | |
| 248 | Nil | — | 25pm | 22pm | ‡Tod 5p | 22pm | |
| 425 | Nil | — | 21pm | 6pm | Tyndall Hldgs | 13pm | –1 |
| 300 | Nil | — | 41pm | 39pm | ‡UTC | 39pm | |



## FT CROSSWORD PUZZLE NO. 6,447

**HIGHLANDER**



**Across**

1 Medical man has way of stepping around initial comment (6)

4 Military force? Not an important point (6)

8 Not keeping to time: that's unusual (7)

9 Mine's about to stop regular allowance (7)

11 Having put a leg on either side of horse is this, ideally (10)

12 Is Askew a dry? (4)

13 Court appearance turned on copper (5)

14 Top men involved in it are powerless (8)

16 Notice comparatively little above reproach (8)

18 Hold forth during debate for a temporary limitation (5)

20 He cannot be trusted to back transport system (4)

21 Staggered shop hours bring in quiet element (10)

23 Drug takes care of one in defeat (7)

24 A superior sounding sort of assistant (7)

25 Led adrift by female born to nag (6)

26 Previous forward and past master (6)

**Down**

1 To secure fish on point is a mistake (5)

2 Al Capone, possibly more upset about British Summer Time (7)

3 Fashionable, living or dead: (9)

5 Clear up after each has had a meal (5)

6 Snake comes to stop on road surface (7)

7 Beginner takes on farm area, covering great distances (4-5)

10 Permission to go in to confession (9)

13 There's grain on the island; that's a sign (9)

15 Concert exercises on TV—forgetful players get help here (6-3)

17 Cutting time back? What sauce! (7)

19 A job the French missionary: wanted (7)

21 Designed to punish parking on back street (5)

22 Foreign vessel might be about (1-4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

**Mercury Fund Managers—Contd.**

| | | | | |
|---|---|---|---|---|
| Gilt | 88.3 | 88.7 | -0.3 | 8.02 |
| (Accum Units) | 105.0 | 105.5 | -0.4 | 8.02 |
| Global Fund | 54.9 | 58.0 | ---- | 0.64 |
| (Accum Units) | 54.9 | 58.0 | ---- | 0.64 |
| High Income Fund | 56.1 | 59.3 | ---- | 4.41 |
| (Accum Units) | 57.0 | 60.3 | ---- | 4.41 |
| High Interest Fund | 44.5 | 47.0 | ---- | 9.56 |
| (Accum Units) | 45.8 | 48.4 | ---- | 9.56 |
| Income | 132.3 | 140.0 | ---- | 2.87 |
| (Accum Units) | 152.8 | 161.6 | ---- | 2.87 |
| International | 312.4 | 330.5 | ---- | 1.73 |
| (Accum Units) | 390.8 | 413.5 | ---- | 1.73 |
| Japan | 213.6 | 226.0 | +0.7 | 0.91 |
| (Accum Units) | 219.3 | 232.0 | +0.8 | 0.91 |
| Pacific Fund | 62.9 | 66.5 | +0.3 | 0.10 |
| (Accum Units) | 62.9 | 66.5 | +0.3 | 0.10 |
| Recovery | 341.8 | 361.7 | ---- | 1.97 |
| (Accum Units) | 371.6 | 393.2 | ---- | 1.97 |
| UK Smaller Co's Fund | 58.2 | 61.6 | ---- | 1.61 |
| (Accum Units) | 58.7 | 62.1 | ---- | 1.61 |

**Merlin Fund Mngmnt Ltd**
30 St James Sq, London SW1A 1HB 01-925 1277

| | | | | |
|---|---|---|---|---|
| Merlin Sept 30 | 636.5 | 674.5 | ---- | 1.05 |

**Metropolitan Unit Trust Mngrs Ltd**
3 Darkes Lane, Potters Bar EN6 1AJ 0707 45188

| | | | | |
|---|---|---|---|---|
| UK Income Fund | 66.3 | 70.5xd | -1.5 | 4.26 |
| Accum Units | 67.1 | 71.3xd | -1.5 | 4.21 |
| UK Growth Fund Acc | 67.4 | 71.6 | +0.7 | 1.40 |
| Global Income Fund | 52.0 | 55.5 | +1.1 | 3.60 |
| Accum Units | 52.2 | 55.5 | +1.1 | 3.60 |
| Global Growth Fund | 51.6 | 54.9 | +0.9 | 0.46 |

**Midland Bank Group UT Mngrs. Ltd**
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

| | | | | |
|---|---|---|---|---|
| Capital | 135.4 | 143.7 | +0.7 | 1.07 |
| (Accum Units) | 187.1 | 198.6 | +1 | 1.07 |
| Commodity & Gen. | 202.2 | 214.6 | -0.5 | 1.29 |
| (Accum Units) | 288.6 | 306.3 | -0.7 | 1.29 |
| European Growth | 136.8 | 145.2 | +1 | 0.96 |

**Provident Mutual Unit Trust Managers Ltd.**
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

| | | | | |
|---|---|---|---|---|
| PM Equity Growth | 126.2 | 134.5 | ---- | 0.95 |
| PM Income and Growth | 107.9 | 114.8xd | ---- | 2.89 |
| PM N American Growth | 58.6 | 62.5 | ---- | 0.33 |
| PM European Growth | 52.9 | 56.3 | ---- | 0.55 |
| PM Japan Growth | 71.7 | 76.2 | ---- | 0.95 |
| PM Overseas Growth | 57.5 | 61.3 | ---- | 0.42 |

**Prudential Holborn Unit Trusts Ltd(a) (b) (c)**
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010320

| | | | | |
|---|---|---|---|---|
| Holborn Comm Tst | 86.7 | 91.8 | +0.8 | 0.33 |
| Holborn Equity Income | 78.2 | 82.7xd | +0.6 | 3.11 |
| Holborn Equity Tst | 623.9 | 660.1xd | +3.6 | 2.08 |
| Holborn European Tst | 130.9 | 138.5 | +1.5 | 0.60 |
| Holborn Gilt Tst | 207.4 | 216.3 | -0.6 | 7.20 |
| Holborn High Inc Tst | 92.9 | 98.9xd | +0.4 | 4.39 |
| Holborn Intl Grth Tst | 129.4 | 136.9 | +0.9 | 0.64 |
| Holborn Intl Sm Cos | 48.6 | 51.4 | +0.4 | 0.05 |
| Holborn Japanese Tst | 159.3 | 167.4xd | +0.3 | 0.04 |
| Holborn N. Amer. Tst | 200.9 | 206.7 | +1.5 | 0.45 |
| Holborn Sm Cos Tst | 84.3 | 89.6 | +0.3 | 1.30 |
| Holborn Spec Sits Tst | 114.4 | 121.0 | +0.8 | 1.21 |
| Holborn UK Growth Tst | 129.9 | 137.1xd | +0.4 | 1.42 |

**[illegible] Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen. Fd | 683.7 | 723.5 | ---- | 1.95 |
| Quadrant Income | 344.3 | 364.6 | ---- | 3.66 |
| Quadrant Intl. Fund | 454.9 | 481.4 | ---- | 1.04 |
| Quadrant Spec. Sits | 480.8 | 510.0xd | ---- | 1.14 |

**Reliance Unit Mgrs. Ltd**
Reliance House, Tunbridge Wells, Kent 0892 510033

| | | | | |
|---|---|---|---|---|
| British Life | 259.4 | 275.8 | +0.2 | 2.18 |
| Reliance Unit Tst (Inc) | 181.6 | 193.3 | +1.0 | 1.36 |
| Reliance UK Tst (Acc) | 244.4 | 259.9 | +1.9 | 1.36 |

**Rensburg Fund Managers**

# FT UNIT TRUST INFORMATION SERVICE

**Manufacturers Life Insurance—Contd.**

| | | | |
|---|---|---|---|
| Gilt Edged Inl | 225.1 | | |
| Do. Accum | 277.6 | | |
| Guaranteed Inl | 159.3 | | |
| Do. Accum | 196.3 | | |
| International Inl | 522.5 | | |
| Do. Accum | 643.8 | | |
| Index Lk. Gilt Inl | 133.5 | | |
| Do. Accum | 164.6 | | |

**Merchant Investors Assurance**
Leon House, 233 High St, Croydon 01-686 9171

| | | |
|---|---|---|
| Property | 329.6 | +0.2 |
| Property Pens | 434.1 | +0.3 |
| Equity | 306.8 | +0.6 |
| Equity Pens | 950.4 | +4.1 |
| Money Market | 295.8 | -0.6 |
| Money Mkt. Pens | 530.0 | -1.5 |
| Deposit | 290.0 | +0.1 |
| Deposit Pens | 384.8 | +0.2 |
| Managed | 308.6 | +1.5 |
| Managed Pens | 603.6 | +3.8 |
| Intl. Equity | 368.4 | +1.1 |
| Do. Pens | 605.7 | +1.9 |
| Intl. Managed | 335.6 | +1.5 |
| Do. Pens | 506.0 | +2.2 |
| North American | 137.6 | +1.8 |
| Do. Pens | 160.2 | +3.0 |
| Far East | 305.0 | -2.5 |
| Do. Pens | 454.7 | -5.9 |
| Intnl. Currency | 169.9 | +0.2 |
| Do. Pens | 219.7 | +0.4 |
| Index Linked | 125.7 | +0.3 |
| S & C Managed Fd | 144.1 | +0.2 |
| S & C Pens Mngd Fd | 118.5 | +0.1 |
| Bell Chambers | 131.3 | +0.1 |
| Loran & Loran | 120.7 | +0.7 |
| TrustPak Life Funds | | |
| Per Worldwide Arc | 173.7 | +0.6 |
| Per Far East Growth | 225.7 | -1.5 |
| Per Intl Growth | 168.3 | -0.2 |
| Per Income | 180.1 | +0.6 |
| Per Emerging Co's | 166.5 | +0.3 |
| Per American Growth | 150.5 | +0.4 |
| Per European Growth | 139.7 | +1.0 |
| Fra American & Gen | 125.7 | -1.1 |
| Fra Capital | 186.6 | +1.2 |
| Fra Income | 197.3 | +1.1 |
| Fra Intl Growth | 180.2 | +0.7 |
| Fra Japan & Gen | 190.9 | -1.7 |
| Fra Recovery | 204.7 | +0.8 |
| Fra Convertible & Gilt | 149.0 | +0.3 |
| Fra European | 139.5 | +0.5 |
| GAR American | 127.3 | +0.5 |
| GAR European | 164.8 | -0.1 |
| GAR Far Eastern | 303.0 | +0.1 |
| GAR British | 192.9 | +1.1 |
| GAR Global | 179.4 | +0.7 |
| GAR Special Situations | 210.5 | +1.5 |
| GAR Smaller Co's | 230.8 | +1.2 |
| GAR Australian | 178.9 | +0.6 |

**Norwich Union Asset Management Ltd**
PO Box 124, Norwich NR1 1JS 0603 683986

| | | | |
|---|---|---|---|
| NUAM Funds | | | |
| Managed Fund | 58.9 | 62.1 | +0.1 |
| Stock Market Mngd Fund | 61.1 | 64.4 | +0.2 |
| Equity Fund | 66.2 | 69.7 | |
| International Fund | 57.5 | 60.6 | +0.5 |
| European Fund | 60.4 | 63.6 | +0.4 |
| North American Fund | 51.9 | 54.7 | +0.6 |
| Pacific Fund | 66.5 | 69.8 | +0.5 |
| Property Fund | 52.9 | 55.7 | |
| Fixed Interest Funds | 48.1 | 50.7 | -0.1 |
| Index Linked Sec Fund | 45.0 | 47.4 | -0.1 |
| Deposit Fund | 51.6 | 54.4 | |
| NUAM Retirement Plans | | | |
| Mixed Fund | 63.5 | 66.9 | |
| UK Ordinary Share | 76.9 | 81.0 | |
| International Fund | 58.9 | 62.0 | |
| Property Fund | 52.8 | 55.6 | |
| Fixed Interest Fund | 49.9 | 52.6 | |
| Index Linked Sec Fund | 45.3 | 47.7 | |
| Deposit Fund | 53.6 | 56.5 | |
| NUAM (IMF) | | | |
| Managed Fund | 833.0 | 876.8 | +1.5 |
| Equity Fund | 1775.7 | 1869.2 | +0.3 |
| Property Fund | 328.8 | 346.2 | |
| Fixed Interest Fund | 354.3 | 373.0 | -1.3 |
| Deposit Fund | 210.9 | 222.0 | +0.1 |
| International Fund | 149.2 | 157.1 | +1.1 |
| Index Linked Sec Fund | 45.1 | 47.5 | |

**Norwich Union Life Insurance Soc.**
PO Box 4, Norwich NR1 3NG 0603 622200

| | | | |
|---|---|---|---|
| Pensionmaker & Unit-Linked Plus* | | | |
| Fixed Interest Fund | 249.8 | 262.9 | |
| Index-Linked Sec Fund | 128.2 | 134.9 | |
| Ordinary Share Fund | 558.4 | 587.7 | |
| International Fund | 151.0 | 158.9 | |
| Property Fund | 164.7 | 173.3 | |
| Deposit Fund | 168.0 | 176.8 | |
| Mixed Fund | 353.6 | 372.2 | |
| Norwich Union Sep 15 | 3018.4 | | |

*Prices as at June 30

**Pearl Assurance (Unit Funds) Ltd**
252 High Holborn, London WC1V 7EB 01-405 8441

| | | | |
|---|---|---|---|
| Prop. Dist. (Gross)(z) | 157.1 | 165.4 | |
| Prop. Acc. (Gross) (z) | 246.6 | 259.6 | +0.1 |
| Equity (Gross) (z) | 799.1 | 841.2 | +5.3 |
| Managed (Gross) (z) | 535.2 | 563.4 | +3.0 |
| Prop. Acc. (Net) (z) | 113.6 | 119.6 | |
| Equity (Net) (z) | 176.7 | 186.1 | +1.1 |
| Managed (Net) (z) | 157.9 | 166.3 | +1.0 |
| International (net) (z) | 150.1 | 158.1 | +0.2 |
| Gilt & Fxd Interest | 91.6 | 96.4 | +0.5 |
| Money Fund | 96.2 | 101.2 | |
| Pearl Assurance (Unit Linked Pens) Ltd | | | |
| Ret Man (Series 1) (z) | 514.7 | 541.8 | +4.6 |
| Ret Man (Series 2) (z) | 174.6 | 183.8 | +1.6 |
| Ret Cash (z) | 115.5 | 121.6 | |

## OFFSHORE AND OVERSEAS

## MANAGEMENT SERVICES

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

| Interest Due | | Stock | Price £ | Last xd | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| **"Shorts" (Lives up to Five Years)** | | | | | | |
| 5May | 5Nov | Treas. 12pc 1987 | 100 | 27.3 | 11.98 | 9.813 |
| 26 Jul | 26 Jan | Treas 7¾pc 1985-88‡‡ | 99 | 19.6 | 7.80 | 9.58 |
| 10Nov | 10May | Exch 10½pc '88 | 100 | 3.4 | 10.49 | 10.19 |
| 14Dec | 14Jun | Treas 9¾pc Cv '88 | 99 | 8.5 | 9.78 | 10.19 |
| 1Jan | 1Jul | Transport 3pc '78-88 | 96 | 26.5 | 3.10 | 7.67 |
| 25 Apr | 25 Oct | Treas. 9½pc '88 | 99 | 19.3 | 9.57 | 10.22 |
| 22 Aug | 22 Feb | Treas 11½pc 1989 | 101 | 16.7 | 11.34 | 10.31 |
| 18 Oct | 18 Apr | Treas 9½pc Cnv 1989 | 99 | 21.9 | 9.60 | 10.24 |
| 15Nov | 15May | Treas 3pc 1989 | 93 | 8.4 | 3.22 | 7.61 |
| 14Dec | 14Jun | Treas 10½pc 1989 | 100 | 8.5 | 10.47 | 10.30 |
| 1Feb | 1Aug | Exch 10pc 1989 | 99 | 25.6 | 10.06 | 10.31 |
| 29 Mar | 29 Sep | Exch 11pc 1989 | 101 | 24.8 | 10.87 | 10.29 |
| 15 Apr | 15 Oct | Treas 5pc 1986-89 | 93 | 8.9 | 5.36 | 8.68 |
| 15 May | 15 Nov | Exch 10¼pc Cv '89 | 100 | 8.4 | 10.21 | 9.97 |
| 15 Jul | 15 Jan | Treas 13pc 1990‡‡ | 105 | 8.6 | 12.31 | 10.12 |
| 12 Aug | 12 Feb | Exch 11pc 1990‡‡ | 101 | 16.7 | 10.85 | 10.20 |
| 22 Sep | 22 Mar | Exch. 12½pc 1990 | 104 | 17.8 | 11.92 | 10.20 |
| 8 Nov | 8 May | Treas. 3pc 1990 | 88 | 1.4 | 3.38 | 7.86 |
| 15 Dec | 15 Jun | Treas 8¼pc 1987-90‡‡ | 95 | 11.5 | 8.62 | 10.10 |
| 25 Apr | 25 Oct | Treas. 10pcCv 1990 | 99 | 19.3 | 10.05 | 10.20 |
| 22 May | 22 Nov | Exch 2½pc 1990 | 85 | 15.4 | 2.91 | 7.62 |
| 10 July | 10 Jan | Treas 11¾pc 1991 | 104 | 3.6 | 11.30 | 10.25 |
| 5Oct | 5Apr | Funding 5¾pc '87-91‡‡ | 89 | 1.9 | 6.42 | 9.31 |
| 13 Nov | 13 May | Treas. 3pc 1991 | 84 | 6.4 | 3.54 | 7.96 |
| 12Jan | 12July | Treas 10pc Cv '91 ‡‡ | 100 | 5.6 | 9.95 | 9.83 |
| 25Apr | 25Oct | Exch. 11pc 1991 | 102 | 19.3 | 10.73 | 10.21 |
| — | | Treas. 8pc 1991 | 92 | | | |
| 22Jly | 22Jan | Treas 12¾pc 1992‡‡ | 108 | 15.6 | 11.77 | 10.27 |
| 21Aug | 21Feb | Treas 10pc 1992 | 99 | 15.7 | 10.08 | 10.21 |
| 13Oct | 13Apr | Treas. 8pc 1992 ‡‡ | 92 | — | 8.70 | 10.25 |
| 7 Nov | 7 May | Treas 10½pc Cv 1992‡‡ | 100 | 31.3 | 10.40 | 10.23 |
| — | | Treas. 3pc 1992 | 80 | — | 3.74 | 8.03 |
| 25 Feb | 25 Aug | Exch. 12¼pc '92 | 107 | 20.7 | 11.43 | 10.31 |
| 22Mar | 22Sep | Exch 13½pc 1992 | 111 | 17.8 | 12.07 | 10.37 |
| **Five to Fifteen Years** | | | | | | |
| 15Oct | 15Apr | Treas 10pc 1993‡‡ | 98 | 8.9 | 10.12 | 10.27 |
| 14Jan | 14Jul | Treas 12½pc 1993‡‡ | 109 | 8.6 | 11.45 | 10.32 |
| 15Mar | 15Sep | Funding 6pc 1993‡‡ | 87 | 10.8 | 6.86 | 8.75 |
| 23May | 23Nov | Treas 13¾pc 1993‡‡ | 114 | 16.4 | 11.97 | 10.31 |
| 1 Sept | 1 Mar | Treas 14½pc 1994‡‡ | 119 | 27.7 | 12.17 | 10.32 |
| 27Oct | 27Apr | Exch 13½pc 1994 | 114 | 23.3 | 11.83 | 10.47 |
| 9Jun | 9Dec | Treas. 10pc Ln. 1994‡‡ | 98 | 5.5 | 10.13 | 10.26 |
| 22Feb | 22Aug | Exch. 12½pc 1994 | 109 | 16.7 | 11.38 | 10.44 |
| 17May | 17Nov | Treas 9pc 1994‡‡ | 94 | 10.4 | 9.55 | 10.14 |
| 25Jul | 25Jan | Treas 12pc 1995 | 107 | 18.6 | 11.15 | 10.45 |
| 1Nov | 1May | Exch 3pc Gas 90-95 | 79 | 25.3 | 3.77 | 6.45 |
| 21Jan | 21Jul | Exch. 10¼pc 1995 | 99 | 15.6 | 10.32 | 10.36 |

## BRITISH FUNDS—Contd

| Interest Due | | Stock | Price £ | Last xd | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| **Undated** | | | | | | |
| 1Feb | 1Aug | Consols 4pc | 41 | 25.6 | 9.81 | — |
| 1Jun | 1Dec | War Loan 3½pc‡‡ | 36 | 27.4 | 9.69 | — |
| 1Apr | 1Oct | Conv. 3½pc '61 Aft. | 47 | 23.2 | 7.29 | — |
| 5Apr | 5Oct | Treas. 3pc '66 Aft. | 30 | 1.9 | 9.86 | — |
| 5Ja Ap | Jly O | Consols 2½pc | 25 | 0.6 | 9.88 | — |
| 1Apr | 1Oct | Treas. 2½pc | 25 | 25.8 | 9.78 | — |

**Index-Linked**

| Interest Due | | Stock | (b) | Price £ | Last xd | (1) | (2) |
|---|---|---|---|---|---|---|---|
| 30 Sep | 30 Mar | Treas. 2pc '88 | (297.1) | 131 | 24.8 | — | — |
| 25 Jul | 25 Jan | Do. 2pc '90 | (333.9) | 114 | 18.6 | 1.89 | 3.07 |
| 23Sep | 23Mar | Do. 2pc '92‡‡ | (385.8) | 95 | 13.8 | 2.80 | |
| 16Mar | 16Sep | Do. 2pc '96 | (267.9) | 123 | 10.8 | 3.78 | 4.12 |
| 24Mar | 24Sep | Do 2½pc '01 | (308.8) | 102 | 18.8 | 4.12 | 4.39 |
| 20Nov | 20May | Do. 2½pc '03 | (310.7) | 99 | 13.4 | 4.12 | 4.36 |
| 19Jan | 19Jly | Do. 2pc '06 | (274.1) | 101 | 12.6 | 4.08 | 4.27 |
| 20Nov | 20May | Do. 2½pc '09 | (310.7) | 95 | 13.4 | 4.02 | 4.20 |
| 23Feb | 23Aug | Do. 2½pc '11 | (294.1) | 100 | 17.7 | 3.98 | 4.15 |
| 16Feb | 16Aug | Do. 2½pc '13 | (351.9) | 83 | 13.7 | 3.94 | 4.10 |
| 26Jan | 26Jly | Do. 2½pc '16 | (322.0) | 98 | 19.6 | 3.85 | 4.03 |
| 16Oct | 16Apr | Do. 2½pc '20 | (327.3) | 90 | 10.3 | 3.78 | 3.94 |
| 17Jan | 17July | Do. 2½pc '24 ‡‡ | (385.3) | 75 | 10.6 | 3.71 | 3.85 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.1 (rebased at 100 January 1987 conversion factor 3.945).

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

| Interest Due | | Stock | Price £ | Last xd | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 4 Jan | 4 Jul | African Dv Bk 11¼ Ln 2010 | 100 | 4.6 | 11.10 | 11.08 |
| 24Mar | 24Sep | Asian Dev Bk 10¼pcLn 2009 | 95 | 23.2 | 10.70 | 10.76 |
| 28Jan | 28Jly | Australia 13½pc 2010 | 120 | 29.6 | 11.17 | 10.98 |
| 26Apr | 26Oct | Do. 11¼pcLn 2015 | 103 | 27.3 | 10.96 | 10.94 |
| 23Mar | 23Sep | Euro Inv Bk 11pc Ln 2002 | 102 | 23.2 | 10.74 | 10.65 |
| 22Mar | 22Nov | Do. 10¼pc 2004 | 97 | 22.4 | 10.63 | 10.66 |
| 8Jan | 8Jul | In-Am Dev Bk 12½pc 2003 | 112 | 4.6 | 11.09 | 10.76 |
| 15 May | 15 Nov | Do. 9¾pcLn 2015 | 91 | 15.4 | 10.68 | 10.77 |
| 31 Jan | 31 Jul | Malysia 10¾pcLn 2009 | 88 | 1.7 | 12.10 | 12.20 |
| 4May | 4Nov | NZ 11¼pc 2008 | 102 | 6.4 | 11.07 | 11.04 |
| 25May | 25Sep | Do 11½pc 2014 | 104 | 23.2 | 11.04 | 11.01 |
| 22 Jan | 22 July | Sweden 13½pc Ln 2010 | 121 | 22.6 | 11.13 | 10.92 |
| 1Mar | 1Sep | Utd. Mexican States 16½pc | 101 | 3.8 | 16.34 | 15.16 |

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

**Building Societies**

**Over Fifteen Years**

**Public Board and Ind.**

**Financial**

## FOREIGN BONDS & RAILS

## AMERICANS

Continued on next page

## Money Market Bank Accounts

## Money Market Trust Funds

UNIT TRUST NOTES

# LONDON SHARE SERVICE

## AMERICANS—Continued

| Dividends Paid | Stock | Price £ | Last xd | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|
| Jan Apr Jly Oct | Rep NY Corpn $5 | [illegible] | 10.9 | $1.16 | — | 2.1 |
| Mar Jun S D | Rockwell Intl. $1 | [illegible] | 14.5 | 66c | — | 2.7 |
| Oc Ja Ap Jly | Sara Lee $1 | [illegible] | 13.00 | $1.00 | — | 2.2 |
| Mr Jn Se De | Saul (B. F.) $1 | 11½ | 10.9 | 20c | — | 1.1 |
| Fb My Ag No | Southwestern Bell $1 | 27½ | 7.7 | h$2.32 | — | 5.2 |
| — | Staley Continental | 19 | — | 80c | — | 2.4 |
| Mr Jn Se De | Sun Co. Inc. $1 | 38 | 5.8 | $3.00 | — | 4.7 |
| Ma Jn Se De | TRW Inc. $0.625 | 39 | 11.8 | h$1.60 | — | 2.5 |
| Mr Jn Sp Dc | Tenneco $5 | 34 | 11.8 | $3.04 | — | 5.3 |
| June Dec | Do 10pcLn.Stk. 91-5 | 220xd | 13.00 | 10% | — | 4.7 |
| Mr Je Se De | Texaco $6.25 | 25xd | 31.7 | $3.00 | — | 7.3 |
| Mr Ju Se De | Time Inc. $1 | 65xd | 22.8 | $1.00 | — | 0.9 |
| Ja Ap Jy Oc | Tracor $0.33 | 19xd | 16.9 | 40c | — | 1.2 |
| Ja Ap Ju Oc | Transamerica $1 | 26xd | 30.08 | $1.84 | — | 4.2 |
| Fe My Au No | Transworld Corp $5 | 12 | 11.11 | 20c | — | 1.0 |
| Mc Je Se De | TRINOVA Corp. | 26 | 11.8 | h$1.00 | | 2.3 |
| Mr Je Se De | ♦USX $1 | 22 | 30.10 | $1.20 | — | 3.2 |
| Ag Nv Fb Jn | Union Carbide $1 | 18 | 4.8 | $1.50 | — | 4.9 |
| Mr Jn Sp Dc | Utd. Technologies | 35xd | 19.5 | $1.40 | — | 2.4 |
| Fb My Ag No | US West | 34 | 13.4 | $3.28 | — | 5.5 |
| — | Waste Management $1 | 28 | — | — | — | — |
| — | Whirlpool $1.0 | £22½ | — | — | — | — |
| Mr Je Se De | ♦Woolworth $3½ | 30 | 19.11 | $1.32 | — | 2.6 |

## CANADIANS

[illegible]

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS—Cont

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Cont.

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

# LONDON SHARE SERVICE

## INSURANCES—Continued

[illegible]

## LEISURE

[illegible]

## MOTORS

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PAPER, PRINTING—Continued

[illegible]

## PROPERTY

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TEXTILES—Cont.

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## FINANCE, LAND—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

### For Sabmeni Res see Southern Mining

[illegible]

## MINES—Continued

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## THIRD MARKET

| Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|
| Carlton Beach 10p | 121 | 1.6 | 0.4 | ♦ | 0.5 | ♦ |
| Crown Eyeglass 5p | 225 | — | — | — | — | — |
| Eglinton Expln. I.R.5 | 27 | — | — | — | — | — |
| Do. Warrants | 17 | — | — | — | — | — |
| Far East Res. 10p | 165 | — | — | — | — | — |
| Gardner (J.) 5p | 97 | — | R1.25 | 2.3 | 1.8 | 33.6 |
| Hoggrbilt Group 5p | 49 | — | — | — | — | 41.2 |
| Leading Leisure 5p | 125 | — | 0.9 | 3.1 | 1.0 | 36.1 |
| Lynn Tech. 5p | 65 | — | b— | — | — | 9.8 |
| Medirace 10p | 180 | — | | | | |
| ♥Ovoca Gold IR0.02 | 75 | — | | | | |
| Publishing Hldgs.5p | 71 | — | n— | — | — | 41.1 |
| Theme Holdings | 72 | 27.4 | 1.0 | 1.9 | 1.9 | 38.6 |
| UPL Group 10p | 187 | — | L2.41 | 2.8 | 1.8 | — |
| Unit Group | 140♦ | — | R4.6 | 2.5 | 4.5 | (10.0) |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| Albany Inv 20p | 98xd | ..... | Fin. 13% 97/02 | £107¾ | ..... |
| Craig & Rose £1 | 763 | +33 | Arnotts | 375 | +10 |
| Finlay Pkg. 5p | 111xd | +1 | CPI Hldgs | 85 | ..... |
| Holt (Jos) 25p | £10½ | ..... | Carrol Inds. | 192 | −3 |
| IoM Stm. £1 | 278 | ..... | Dublin Gas | 40d | ..... |
| | | | Hall (R. & H.) | 195 | −5 |
| IRISH | | | Heiton Hldgs. | 75 | −3 |
| Fund 11¼% 1988 | £100¼xd | +⅛ | Irish Ropes | 185 | ..... |
| Nat. 9¾% 84/89 | £98⅞ | ..... | Unidare | 420 | ..... |

## TRADITIONAL OPTIONS

### 3-month call rates

| Industrials | p | | |
|---|---|---|---|
| Allied-Lyons | 40 | NEI | 23 |
| Amstrad | 19 | Nat West Bk | 65 |
| BAT | 62 | P & O Dfd | 65 |
| BOC Grp | 50 | Plessey | 20 |
| BSR | 17 | Polly Peck | 34 |
| BTR | 36 | Racal Elect | 32 |
| Babcock | 32 | RHM | 35 |
| Barclays | 52 | Rank Org Ord | 70 |
| Beecham | 52 | Reed Intnl | 50 |
| Blue Circle | 50 | STC | 30 |
| Boots | 30 | Sears | 16 |
| Bowaters | 50 | TI | 37 |
| Brit Aerospace | 50 | TSB | 12 |
| Brit. Telecom | 28 | Tesco | 18 |
| Burton Ord | 32 | Thorn EMI | 65 |
| Cadburys | 25 | Trust Houses | 25 |
| Charter Cons. | 45 | Turner Newall | 26 |
| Comm Union | 34 | Unilever | 62 |
| Courtaulds | 45 | Vickers | 20 |
| FNFC | 32 | Wellcome | 42 |
| Gen Accident | 95 | **Property** | |
| GEC | 22 | Brit Land | 38 |
| Glaxo | 200 | Land Securities | 58 |
| Grand Met | 58 | MEPC | 48 |
| GUS 'A' | 125 | Peachey | 40 |
| Guardian | 95 | **Oils** | |
| GKN | 38 | Brit Petroleum | 32 |
| Hanson Tst. | 17 | Britoil | 30 |
| Hawker Sidd | 58 | Burmah Oil | 52 |
| ICI | 125 | Charterhall | 10 |
| Jaguar | 52 | Premier | 11 |
| Ladbroke | 45 | Shell | 125 |
| Legal & Gen | 32 | Tricentrol | 11 |
| Lex Service | 45 | Ultramar | 26 |
| Lloyds Bank | 35 | **Mines** | |
| Lucas Inds. | 75 | Cons Gold | 125 |
| Marks & Spencer | 22 | Lonrho | 23 |
| Midland Bk | 45 | Rio T Zinc | 100 |
| Morgan Grenfell | 55 | | |

A selection of Options traded is given on the London Stock Exchange Report Page.

# CONSTRUCTION CONTRACTS

## £48m for Trollope & Colls

TROLLOPE & COLLS companies, members of the Trafalgar House Group, have been awarded contracts worth a total of £48m.

The largest is for refurbishment work costing £17m at the Adelphi Building, John Adam Street, London WC2, for Manufacturers Hanover Trust. For Trafalgar House Developments the company is to build two five-storey office and retail developments in London Wall, London EC2 and at an adjacent site in New Broad Street - a contract worth £9m.

A £10.5m contract from Harrods is for buildings a high-bay storage and distribution centre at Osterley, Middlesex. Completion is due in 55 weeks. A £3.7m contract to refurbish a building in Pall Mall, London SW1, for completion in 73 weeks, has been placed by Trafalgar House developments.

The London Life Association has placed a 15-week £500,000 contract for fitting out and installing of services at a property in Norton Folgate, London E1. Four contracts worth £2.1m have been awarded by the Stock Exchange, which include refurbishment of computer rooms at Old Broad Street, London EC2, and refurbishment of a computer suite at Technico House.

Two contracts with a combined value of £4.5m have been awarded for fitting out dealer room accommodation on seven floors of Castle House, New Broad Street, London EC2, for completion by next July; and at Moorfields, Highwalk, London EC2, a 20-week £1m contract has been won for fitting out the podium, second and fifth floors.

## Wimpey builds at Chatham dockyard

WIMPEY CONSTRUCTION UK has been awarded a £12m contract by English Estates for refurbishing the Pembroke barrack blocks and building workshops within the former Royal Naval dockyard at Chatham, Kent.

The work comprises the conversion of the ward room and four of the barrack blocks into offices, laboratories and stores. The refurbishment will include new partitioning, doors, furnishings, laboratory furniture, heating, specialist installations and various alterations and repairs to the structure. External works will consist of upgrading roads and car parking, creating ramps and service trenches and then landscaping.

The project started early in September on an 84-week contract and is due for completion by spring 1989. There will be phased occupation of the buildings by the Overseas Development Agency for the Tropical Development Research Institute and the Land Research Development Centre.

## Upgrading water works

CEMENTATION CONSTRUCTION and Cementation Piling & Foundations, both members of the building and civil engineering division of the Trafalgar House Group, have secured contracts with a combined value of £12.5m.

Cementation Construction has four civil engineering projects, of which the largest, worth £3.5m, is at Coppermills water treatment works for the Thames Water Authority. The works are to be upgraded, which includes installation of large diameter pipework, chemical plant and controls, and building work. Completion is due in 102 weeks.

In consortium with Cussons, the company is building an engine test facility for the Property Services Agency. This includes a large steel-framed building, with all services, at Bicester, Oxfordshire. Valued at £3.4m, it is due for completion next summer.

The company is to construct a £600,000 reinforced concrete ticket hall at Tower Hill Underground Station, London, for Mowlem Management.

For a sister company, Willett, Cementation is to carry out works in connection with the construction of Brooklands spine road, stage two, at the Brooklands industrial estate, Weybridge, Surrey. The £500,000 contract is due for completion in 33 weeks. The company is building a £200,000 office block and workshop at Riverside Park industrial estate, Middlesbrough, Cleveland, for Bulk Haul.

Piling work is being undertaken at Castle Court, Belfast. Worth £1m, the contract, placed by John Laing developments, is for a retail and commercial project on the site of the former Grand Central Hotel and Smithfield Market.

Other piling work, totalling £3.3m, includes a J.Sainsbury and BHS superstore development - Savacentre, at Merton, Surrey; at the Chelsea Harbour site in London for Bovis; and for the James McNaughton Paper Group, a paper store at Erith, Kent.

## Devon link road costs over £21m

A.MONK has been awarded a £21.3m contract for construction of the North Devon link road, comprising 11.2 miles of single carriageway with crawler lanes on uphill gradients. The road will bypass South Molton and link to the Barnstaple bypass.

Structures included are five underbridges, five overbridges, three viaducts, reinforced concrete culverts, two retaining walls and two roundabouts. Construction of a nine-span viaduct over the River Bray will require strengthening of the masonry piers of the old railway viaduct to form a structure 100ft high.

The 89-week contract starts on October 19.

## Garage in Glendale

TAYLOR WOODROW CONSTRUCTION CORPORATION, New York, has won a contract worth about £4.2m from the Glendale Redevelopment Agency for the construction of a parking garage in North Maryland Avenue, Glendale, California. The building will be a reinforced concrete structure with five levels of parking above and three levels below ground. The facade will be of brickwork and precast concrete. The 260,000 sq.ft. structure will provide 742 parking spaces, and retail stores at street level.

## Refurbishing Trafalgar Square

TARMAC CONSTRUCTION has been awarded a £1.6m contract for repaving work and the refurbishment of fountains in London's Trafalgar Square. Some of the granite paving is being provided from Merrivale quarry on Dartmoor, operated by Natural Stone Products, a subsidiary. The work, for the Property services Agency, is being carried out in phases over the next two years. Other contracts, worth about £6m, include strengthening the M6 between junctions 11 and 12 for Staffordshire County Council (about £2m); concrete box culvert and associated works at Merthyr Tydfil, Mid Glamorgan, for the Borough Council (£1.5m); and building and office and factory extension at Burnley, for Vekaplast (UK) (£1m).

## Holiday Inn

FAIRCLOUGH BUILDING has a £4.2m contract to build a Holiday Inn in Swansea. Work starts in December for completion in late 1988. The hotel will have 115 bedrooms, banqueting and conference facilities, four meeting rooms, heated indoor swimming pool and a whirl pool.

## Aircraft shelters

The first Property Services Agency contract for a new generation of hardened aircraft shelters has gone to FAIRCLOUGH CIVIL CONSTRUCTION, part of the AMEC Group. Valued at more than £24m, the project will be carried out by the company's Newmarket-based eastern region, which will build 13 hardened shelters at RAF Alconbury. With an arch span of 131ft, they are substantially larger than their predecessors, which had a standard 59ft span. Fairclough will build the shelters in reinforced concrete with permanent steel arch liners and sliding doors designed to resist blast. The work is scheduled for completion in October 1988.



# DIARY DATES

## BUSINESSMAN'S DIARY

### Trade Fairs and Exhibitions:UK

**October 6-8**
Transport and Distribution Services Show (01-900 1234)
Wembley Conference Centre

**October 13-16**
Meeting Place for Technology Transfer Exhibition - BARCLAYS TECHMART (021-780 4171)
NEC, Birmingham

**October 15-17**
Money Show (0895 58431)
Liverpool

**October 18-21**
International Video and Communications Exhibition (01-240 1871)
Metropole Exhibition Hall, Brighton

**October 20-22**
International Feight Industry Conference and Exhibition - WORLD FREIGHT (01-642 7688)
Barbican Centre, London

**October 21-23**
International Exhibition for Police and Government Security Forces (01-855 9201)
NEC, Birmingham

**October 26-28**
UK Corrosion Exhibition and Conference (0202 35544)
Metropole Exhibition Hall, Brighton

**November 3-5**
International Financial Services, Technology and Accountants Exhibition (01-749 9535)
Barbican Centre

**November 3-7**
International Plastics Exhibition - INTERPLAS (021-705 6707)
NEC, Birmingham

**November 5-8**
London Money Show - MONEY (01-948 5166)
Olympia

**November 8-10**
Camping and Outdoor Leisure Exhibition -COLA (08956 34191)
Exhibition Centre, Harrogate

**November 10-12**
Drives,Motors, Controls and PC+ Systems Exhibitions (0799 26699)
NEC, Birmingham

**November 12-22**
Scottish Motor Show (031-225 3643)
Exhibition Centre, Glasgow

**November 22-26**
International Building and Construction Exhibition (01-486 1951) NEC, Birmingham

### Overseas

**October 6-10**
Machine Tools Exhibition - FINNTEC (01-486 1951)
Helsinki

**October 10-15**
International Photographic Cinegraphic and Optical Equipment Exhibition (01-255 5566)
Paris

**October 14-17**
International Electronics Fair (01-977 4551)
Vienna

**October 16-22**
Automobile Equipment & Maintenance Industries Exhibition - EQUIPAUTO (01-225 5566)
Paris

**October 13-18**
Gifts,Toys and Housewares Market Week (01-937 1889)
Manila

**October 24-November 1**
National Transportation Fair - BRASIL TRANSPO (01-499 0877)
Sao Paulo

**November 16-20**
International Electronic Components Exhibition - COMPOSANTS ELECTRONIQUES (01-225 5566)
Paris

**November 17-21**
Machine Tools Exhibition - FINNTEC (01-486 1951)
Helsinki

### Business and Management Conferences

**October 5-6**
Securities Industry Association: First international conference - international capital markets: opportunities and challenges (New York (212) 608-1604)
New York City

**October 11-13**
Philadelphia Stock Exchange: The 1987 international foreign currency options symposium - the practical and political uses of foreign currency options (01-606 2348).
Four Seasons Hotel, Philadelphia

**October 12-13**
Longman Seminars: 7th annual UK tax congress - Today's tax traps and how to avoid them (01-242 4111)
Kensington Town Hall, W8

**October 14**
Financial Times: International securities business and the Financial Services Act (01-925 2323)
Hotel Inter-Continental, W1

**October 15-16**
Financial Times: Retail financial services - from now to 2000 (01-925 2323)
Hotel Inter-Continental, W1

**October 15**
IBC: The integration and integrity of financial trading systems (01-236 4080)
London Mariott Hotel

**October 19-20**
Financial Times: Electronic financial services - competition and co-operation (01-925 2323)
Hotel Inter-Continental, W1

**October 22**
Space Planning Services: People and premises - a strategic approach to balancing conflicting demands (01-573 2271)
Butchers Hall, EC1

**October 22**
Burson - Marsteller : Successful crisis management (01- 831 6262 )
Barbican Centre,EC3

**October 23-November 1**
ECU Banking Association: World symposium on the role of the European currency unit (01-370 3176)
Antwerp

**October 27-28**
Financial Times: The fifth professional personal computer conference (01-925 2323)
Hotel Inter-Continental, W1

**November 4-5**
Acquisitions Monthly: How to buy and sell companies (01-637 4383)
Inn on the Park, W1

**November 5**
The Institute of Directors : UK companies: the revenue offensive(01- 839 1233)
116 Pall Mall, SW1

**November 5-6**
Second Royal Institute of International Affairs/CICI International Information Conference: Day 1 - Information products as a stimulus to business growth; Day 2 - The development of Europe's new information markets (01-930 2233)
Chatham House, SW1

*Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no changes in the details published*

## FINANCIAL

TODAY

COMPANY MEETINGS-
Pacific Sales Org., Ebbgate House, 2, Swan Lane, E.C., 11.00
Stirling Group, Stakehill Lane, Bentley Avenue, Middleton, Manchester, 12.00

BOARD MEETINGS-
Finals;
A.C. Holdings
Halstead (James)
Lloyds Chemists
Interims;
Asda Property
Bilton (Percy)
British Dredging
Brown Shipley Intl. Currency Fund
Brown Shipley Sterling Bond Fund
Brown Shipley Sterling Capital Fund
Debtor
Finlay (James)
Fortnum & Mason
Forward Group
Gates (Frank G.)
Howden-Stuart Plant
Laidlaw Thomson
Lamont
North British Canadian Inv.
PML

DIVIDEND & INTEREST PAYMENTS-
Aaronson Bros. 1.7p
Agricultural Mortgage Corp. 6% Deb. 1982/87 3pc.
Annuities 2½% 1¼pc.
Annuities 2¾% 1¼pc.
BOC Group 5.15p
Black (A & C) 3.75p
Black (Peter) 1.15p
Bradford Property Tst. 10½% Cum. Prf. 5.25p
Do. 7% Un. Ln. 1992/97 3½pc.
Braime (T.F. & J.H.) 1.5p
Do. A N/Vtg. 1.5p
British Gas 4p
Brunning Group 2.5p
CRH 7% A Cum. Prf. 2.275p
Centex Corp. 6.25cts.
City Acre Property 10.2% 1st. Mtg. Deb. 1991/96 5.1pc.
Clarke (T.) 0.8395p
Consolidated 2½% 1¼pc.
Crest Nicholson 2p
Dreams Group 2.8p
Edinburgh Inv. Tst. 5¾% Deb. 1998 2⅞pc.
Funding 5¾% Ln. 1987/91 2⅞pc.
Kleen-E-Ze 6p
Liberty Life Association of Africa 180cts.
Do. Prf. 300cts.
Do. Cnv. Red. Non-Cum. Prf. 250cts.
McLeod Russel 7% Un. Ln. 1986/91 3½pc.
Manver-Swain 2.2p
Metropolitan Water Grand Junction 3% Deb. 1½pc.
Do. West Middx. 3% Deb. 1½pc.
Microvitec 0.5p
Norbain Elec. 0.7p
Real Time Control 2p
Relyon Group 1.65p
Scottish, English & European Textiles 3.7p
Textured Jersey 3.75p
Treasury 8% Ln. 2002/06 4pc.
Treasury 8% Ln. 2002/06 A 4pc.
Treasury 3% 1½pc.
WCRS Group 2.2p
Watney, Mann & Truman 3¾% Irrd. Deb. 1⅞pc.
Do. 4¼% Irrd. Deb. 2⅛pc.
Williams Hldgs. 8p
Zygal Dynamics 1p

TOMORROW

COMPANY MEETINGS-
AAH Hldgs., Cavendish Hotel, Jermyn Street, St. James's, S.W., 12.00
Douglas (Robert M.), Sheraton House, 395, George Road, Erdington, Birmingham, 12.00
Sheafbank Property Tst., St. Ann's House, St. Ann's Place, Manchester, 12.00

BOARD MEETINGS-
Finals:
Baillie Gifford Japan Tst.
Sweep
Interims:
ATA Selection
British Fittings
London & Manchester
Martin (Albert)
Micro Focus
Quarto
Sears
Telephone Rentals
Usher (Frank)
Ward Group

DIVIDEND & INTEREST PAYMENTS-
Abbey 4p
Anglo-Indonesian Fltg. Rate Un. Ln. 1995/98 4¾pc.
Baltic 1.2p
Bampton Property group 7¾% Un. Ln. (1991/96) 3⅞pc.
Berisford (S & W) 4p
Bradford & Bingley Bldg. Society Fltg. Rate Nts. 1996 £236.21
British Bldg. & Eng. Appliances 1p
Colman (E. Alec) 9% 1st. Mtg. deb. 1987/92 4½pc.
Dale Electric Intl. 2p
Davies & Metcalfe 0.65p
Do. A (NVtg.) 0.65p
Electronic Machine 0.3p
Greenall Whitley 7% Irrd. Un. Ln. 3½pc.
Do. 8¼% Irrd. Un. Ln. 4⅛pc.
Jarvis (J.) 8p
Kuala Lumpur Kepong Berhad M$5
McMullen 6½% Cum. Prf. 3.25p
Do. 10½% Cum. Prf. 5.25p
Macarthy 4.5p
Pratt (F.) Eng. 7¾% Un. Ln. 1987/92 3⅞pc.
Saatchi & Saatchi 6.3% Cnv. Cum. Red. Prf. 3.15p
Scandenavian Bank Capital Currency Units 2.7p
Smith & Nephew 1.4p
Tops Estates 0.95p
Whitbread 9% Un. Ln. 1997/2001 4½pc.

WEDNESDAY OCTOBER 7

COMPANY MEETINGS-
Electron House, Howard Hotel, Temple Place, Strand, W.C., 12.00
TR City of London Tst., Mermaid House, 2, Puddle Dock, E.C., 12.45
Victor Products, Armstrong Technology Centre Davy Bank, Wallsend, 11.45
Wholesale Fittings, Barbican Centre, Barbican, E.C., 11.00

BOARD MEETINGS-
Finals;
Beckman (A.)
Maunders (John)
TSW-Television South West
Interims;
Densitron International
Grampian Holdings
Higgs & Hill
Jerome (S.)
Johnston Group
Plumb
Rua Estates
Southend Stadium
Thurgar Bardex
Wartsila AB

DIVIDEND & INTEREST PAYMENTS-
Barclays 10.5p
Bespak 2.75p
Douglas (Robert M.) 1.8p
Gold Fields of South Africa 120cts.
Halifax Bldg. Society Flg. Rate Ln. Nts. 1992 £117.36
Moorgate Mercantile 1.35p
Mount Charlotte Invs. 0.7p
Rothmans Intl. B 5.2p
Sennah Rubber 40p
Tracor 10cts.
United Kingdom Flg. Rate Nts. 1992 $175.69
Victor Products 1.75p
Zetters group 4.1p

THURSDAY OCTOBER 8

COMPANY MEETINGS-
Heath (Samuel), Leopold Street, Birmingham, 10.00
London Merchant Securities, Carlton House, 33, Robert Adam Street, W., 12.00
McKay Securities, 20, Parkside, Knightsbridge, S.W., 12.00
Parkdale Hldgs., Quebec House, 9, Quebec Street, Leeds, 12.00

BOARD MEETINGS-
Finals;
Bailey (Ben) Construction
Druck
Photo-Me Intl.
Interims;
London & Edinburgh Tst.
Monument Oil & Gas
Quadrant Group
Reed (Austin)
Ruberoid
Tyzack Turner
Walker Greenbank

DIVIDEND & INTEREST PAYMENTS-
Britannia Bldg. Society Flg. Rate Nts. 1993 £234.73
CRH 1.36p
Mid Wynd Intl Inv Tst. 1.7p
Nationwide Bldg. Society Flg. Rate Nts. 1995 £116.58
Neill (James) 3p
Rea Brothers 0.65p
TI Group 3.5p
Tomkins (F.H.) 2p
Woodhouse & Rixson 1.35p

FRIDAY OCTOBER 9

COMPANY MEETINGS-
Jones, Stroud, Grange Farm, Toton, Nottingham, 12.00
Manganese Minerals, Ironmongers Hall, Aldersgate Street, Barbican, E.C., 11.00
Second Alliance Tst., Meadow House, 64, Reform Street, Dundee, 12.30

BOARD MEETINGS-
Interims;
Amersham Intl.
Anglo American Inv Tst.
Arlington Securities
Brent Walker
Cliff Oil
Scottish Television

DIVIDEND & INTEREST PAYMENTS-
Heath (Samuel) 2.25p
Banks (Sidney C.) 6.25p
Browning-Ferris 10cts.
Central American Bank for Economic Integration Fltg. Rate Sec. Nts. 1994 $204.6
Clark (Matthew) 5.5p
Clarke Hooper 1.5p
Copson (F.J.) 1.75p
Development Bank of the Philippines Gtd. Fltg. Rate Nts. 1990 $176.33
Evans Halshaw 2p
Hongkong & Shanghai Banking Prim. Cap. Und. FRN 3rd. Ser. $91.84
Jones, Stroud 6.5p
Laurin Intl Invs. Gtd. Flg. Rate Nts. B 1987 $18.69
Macfarlane Group 1.252p
Matell 1.3p
Marine Midland Fin. Gtd. Fltg. Rate Sub. Nts. 1994 $18.53
McKay Securities 2.2p
Mezzanine Cap. Corp. BDR Pig. Red. Prf. 41.0002
National Australia Bank Und. Sub. Fltg. Rate Nts. $347.57
Parkdale Hldgs. 1.2p
Rush & Tompkins 7.8p
Schlumberger 30cts.
TR Pacific Basin Inv. Tst. 0.5p
Trencherwood 1.05p
Tyndall Hldgs. 2p
Ward Hldgs. 2p
West Inds. 0.75p
Yorkshire Chemicals 2p

SATURDAY OCTOBER 10

DIVIDEND & INTEREST PAYMENTS-
M. & G. Far Eastern & General 0.7p

SUNDAY OCTOBER 11

DIVIDEND & INTEREST PAYMENTS-
Conversion 10% 2002 5pc.
Islington Corp. 12.65% Red. 2007 6.325pc.

## APPOINTMENTS

### Mecca marketing man

**Mr John Gerry** has been appointed managing director, holidays division and group marketing director MECCA LEISURE GROUP from October 5. He joins from Londis where he was managing director. **Mr Mike Levington** has been promoted to group personnel and corporate services director, and **Mr Ian Baker** to group legal and property director: they joined Mecca in 1983.

*

**Mr Andrew Young** has been appointed chief executive designate of the NFU MUTUAL AND AVON INSURANCE GROUP. He will succeed managing director **Mr Charles Thomas** when he retires on April 30 next year. Mr Young is chief general manager of the group.

*

**Mr David Young**, general manager and secretary of STANDARD PROPERTY INVESTMENT joins the board. **Mr Ian H.Macdonald** has been appointed a director of holding company MacDonald Orr and of Scottish Property Investment. Until last March he was director and chief general manager of TSB Scotland.

*

**Mr Bill Bowman**, chairman of FOCUS (Forum for Occupational Counselling and Unemployment Services) has been appointed chairman of VAN DER HAAS in Holland. FOCUS, jointly owned by Whitbreads and the London Enterprise Agency, has acquired 50 per cent of Van Der Haas.

*

DALGETY has appointed **Mr Robert E.Calderan** as group legal adviser. He was company secretary of Dalgety UK.

*

**Mr Nicholas Johnson** has been appointed managing director of MIM. **Lord Stevens** continues as chairman, having previously held both posts.

*

**Mr P.C.Roberts** has been appointed managing director of IMI YORKSHIRE FITTINGS. He succeeds **Mr N.C.Paul** who has been appointed managing director of IMI's pneumatics subsidiary Norgren Martonair. Mr Roberts was managing director of IMI Waterheating.

*

**Ms Janet Brady** has been appointed a director of GAUNT SPRECKLEY WILLIAMS. She was director public relations American Express, travel related services, UK and Ireland.

*

Appointed to the BRITISH OVERSEAS TRADE BOARD are **Mr Derek Hornby**, chairman of Rank Xerox (UK); **Mr Bernard Taylor**, chief executive of Glaxo Holdings; and **Mrs Pat Beckett**, sales director of Imperial Machine Company (Peelers).

*

PENTLAND INDUSTRIES has appointed **Mr Robert P.Shepherd** as deputy chairman.

*

**Mr Alan Kilford** has been appointed managing director of BOSE UK.

*

HILL SAMUEL PROFESSIONAL ADVISER SERVICES has appointed **Mr Brian Quick** as non-executive chairman. He is a non-executive director of Hill Samuel Investment Services Group, and chairman of Hill Samuel Investment Services International. Until recently he was a managing director of Hill Samuel & Co. **Mr Richard Wales** has resigned as chairman of HSPAS to concentrate on his duties as managing director of HSISG.

# WORLD STOCK MARKETS

## GERMANY

| 1987 High | 1987 Low | October 2 | Price Dm. |
|---|---|---|---|
| 360.2 | 280 | AEG | 334.50 |
| 2220 | 1553 | Allianz Vers | 2120 |
| 346.7 | 239 | BASF | 346.70 |
| 377.3 | 274 | Bayer | 377.30 |
| 563 | 365 | Bayer-Hypo | 529 |
| 523 | 375 | Bayer-Verein | 498 |
| 543 | 390 | BHF-Bank | 499 |
| 787 | 455 | BMW | 745 |
| 369 | 270 | Brown Boveri | 357 |
| 312 | 244.5 | Commerzbank | 309 |
| 374 | 269 | Cont'l Gummi | 340 |
| 1220 | 920 | Daimler-Benz | 1081 |
| 579 | 420 | Degussa | 558.50 |
| 254 | 200 | D'sche Babcock | 244.50 |
| 790 | 571 | Deutsche Bank | 707.50 |
| 381 | 286 | Dresdner Bank | 370.50 |
| 350.5 | 268 | Feldmuehle Nobel | 329 |
| 588.5 | 458 | Henkel | 587 |
| 1110 | 612 | Hochtief | 690 |
| 344 | 240 | Hoechst | 336 |
| 137.9 | 88 | Hoesch Werke | 135.70 |
| 555 | 367 | Holzmann (P) | 398 |
| 293 | 201 | Horten | 248 |
| 690 | 507 | Hussel | 667.50 |
| 597 | 403 | Karstadt | 596 |
| 541 | 447 | Kaufhof | 541 |
| 200 | 142 | KHD | 191 |
| 163.5 | 130 | Kloeckner Werke | 137 |
| 795 | 599 | Linde | 770 |
| 215.5 | 122 | Lufthansa | 180 |
| 204 | 148 | MAN | 204 |
| 188.5 | 142 | Mannesmann | 188.50 |
| 1055.5 | 740 | Mercedes Hld | 939 |
| 399 | 250 | Metallgesell | 399 |
| 2700 | 1550 | Muench Rueck | 2030 |
| 866.5 | 687 | Nixdorf | 834.50 |
| 1025 | 815 | Porsche | 984 |
| 206 | 145 | Preussag | 203 |
| 266.5 | 186 | Rhein West Elect | 251 |
| 346 | 238 | Rosenthal | 299.50 |
| 691 | 524 | Schering | 626 |
| 747.5 | 620 | Siemens | 678 |
| 142 | 109 | Thyssen | 141 |
| 388 | 311 | Varta | 361.50 |
| 333 | 252 | Veba | 322.50 |
| 180 | 139.5 | V.E.W. | 171 |
| 486 | 375 | Verein-West | 463 |
| 430 | 312 | Volkswagen | 384.50 |

## FRANCE

| 1987 High | 1987 Low | October 2 | Price Frs. |
|---|---|---|---|
| 1985 | 1515 | Emprunt 4½% '73 | 1861 |
| 9615 | 6600 | Emprunt 7% 1973 | 9050 |
| 573 | 446 | Accor | 447 |
| 632.5 | 502.5 | Agence Havas | 550 |
| 768 | 660 | Air Liquide | 684 |
| 3005 | 2190 | Alcatel | 2260 |
| 868 | 666 | BIC | 826 |
| 619 | 409 | BNP (Cert. Inv.) | 415 |
| 3100 | 2380 | Bongrain | 2750 |
| 5220 | 990 | Bouygues | 1152 |
| 5400 | 4150 | BSN Gervais | 5040 |
| 3895 | 3080 | Carrefour | 3230 |
| 746 | 572 | Club Mediterranee | 631 |
| 1185 | 627 | Cie Bancaire | 635 |
| 407 | 300 | Cofimeg | 303 |
| 347 | 315 | CGE | 336.7 |
| 3300 | 2360 | Damart | 3035 |
| 545 | 379 | Darty | 463 |
| 1280 | 956 | Dumez S.A. | 1025 |
| 1543 | 1136 | Eaux (Cie Gen) | 1222 |
| 398 | 314 | Elf-Aquitaine | 340 |
| 4230 | 3219 | Essilor | 3650 |
| 1380 | 1059 | Gen. Occidentale | 1106 |
| 194.5 | 84.6 | Imetal | 188.90 |
| 1760 | 1326 | Lafarge Coppee | 1686 |
| 4053 | 3154 | L'Oreal | 3650 |
| 3350 | 2179 | Legrand | 3111 |
| 196.5 | 57 | Maisons Phenix | 79 |
| 2865 | 2045 | Matra S.A. | 2109 |
| 384 | 245 | Michelin B. | 321 |
| 1734 | 1187 | Midi (Cie) | 1315 |
| 2985 | 2200 | Moet-Hennessy | 2780 |
| 119 | 65 | Moulinex | 80 |
| 229 | 152 | Nord Est | 152 |
| 549 | 426 | Paribas | 428 |
| 1186 | 911 | Pernod Ricard | 925 |
| 927 | 716 | Perrier | 845 |
| 558 | 400 | Petroles Fra. | 405 |
| 1678 | 1132 | Peugeot S.A. | 1567 |
| 810 | 456 | Printemps Au | 755 |
| 1810 | 995 | Radiotech | 1715 |
| 3600 | 2475 | Redoute | 3395 |
| 1925 | 1401 | Roussel-Uclaf | 1440 |
| 520 | 390 | St. Gobain | 504 |
| 500 | 425 | Selimeg | 454 |
| 1560 | 1140 | Skis Rossignol | 1225 |
| 3900 | 2850 | Telemech Elect | 3798 |
| 1745 | 1206 | Thompson (CSF) | 1248 |
| 710 | 502 | Valeo | 684 |

## ITALY

| 1987 High | 1987 Low | October 2 | Price Lire |
|---|---|---|---|
| 6950 | 2690 | Banca Com'le | 2805 |
| 715 | 361 | Bastogi-IRBS | 390 |
| 7155 | 5030 | CIR | 5100 |
| 3650 | 1703 | Credito Italian | 1710 |
| 17163 | 10180 | Fiat | 11390 |
| 141200 | 103200 | Generali Assicur | 106900 |
| 118,000 | 72000 | Italcementi | 114750 |
| 1340 | 960 | La Rinascenti | 1074 |
| 2968 | 2140 | Montedison | 2221 |
| 14700 | 10840 | Olivetti | 11550 |
| 7840 | 5350 | Pirelli Co | 5870 |
| 5750 | 4024 | Pirelli Spa | 4470 |
| 4360 | 3240 | Saipem | 3480 |
| 4895 | 2985 | Snia BPD | 3345 |
| 35500 | 25000 | Toro Assic | 28050 |

## BELGIUM/LUXEMBOURG

| 1987 High | 1987 Low | October 2 | Price Frs. |
|---|---|---|---|
| 3465 | 2900 | B.B.L. | 3150 |
| 16000 | 14500 | Banque Gen. Du. L. | 14500 |
| 15200 | 14200 | Bank Int. A | 14200 |
| 13175 | 9000 | Bekaert B | 10950 |
| 6880 | 3900 | Ciment CBR | 6800 |
| 186 | 131 | Cockerill | 170 |
| 12100 | 11 | Colruyt | 10975 |
| 4850 | 2700 | Delhaize | 4850 |
| 5500 | 4605 | EBES | 4605 |
| 2700 | 1320 | Fabrique Nat | 1430 |
| 1440 | 926 | GB Inno BM | 1296 |
| 4525 | 3430 | GBL (Brux) L | 3990 |
| 6850 | 6080 | Generale Bank | 6250 |
| 9260 | 6000 | Gevaert | 8300 |
| 9100 | 6680 | Hoboken | 8100 |
| 4510 | 3650 | Intercom | 3650 |
| 4900 | 4040 | Kredietbank | 4520 |
| 13500 | 10,650 | Pan Holdings | 13500 |
| 14175 | 9210 | Petrofina | 12975 |
| 1870 | 1520 | Raffinerie Tirle | 1765 |
| 8000 | 5000 | Royale Belge | 6040 |
| 4195 | 3115 | Soc Gen Belge | 3670.00 |
| 16350 | 10375 | Sofina | 15075 |
| 15850 | 8270 | Solvay | 15325 |
| 550 | 185 | Stanwick Intl. | 550 |
| 8550 | 6280 | Tractebel | 7700 |
| 11950 | 8900 | UCB | 10950 |
| 6000 | 5160 | Wagons Lits | 5950 |

## FINLAND

| 1987 High | 1987 Low | October 2 | Price Mks |
|---|---|---|---|
| 262.5 | 148.5 | Amer | 260 |
| 61.4 | 43.75 | KOP | 60.75 |
| 254.5 | 184 | Kone | 246.5 |
| 118 | 85.05 | Finnish Sugar | 91.4 |
| 153 | 98 | Kymmene | 136.5 |
| 247 | 132.5 | Nokia | 235.5 |
| 123.5 | 69 | Pohjola 'B' | 118.5 |
| 37 | 19 | Rauma-Repola | 34.9 |
| 294.5 | 137.5 | Stockmann 'B' | 284.5 |
| 36.75 | 28.8 | UBF 'C' | 35 |
| 169.5 | 150 | Utd. Paper | 165.5 |
| 263 | 135.5 | Wartsila (s11) | 263 |

## AUSTRIA

| 1987 High | 1987 Low | October 2 | Price Sch% |
|---|---|---|---|
| 2410 | 1890 | Creditanstalt | 2250 |
| 3450 | 2460 | Goesser | 3320 |
| 13200 | 10,800 | Interunfall | 12900 |
| 14,000 | 7050 | Jungbunzlauer | 8900 |
| 2160 | 1740 | Laenderbank | 2030 |
| 780 | 565 | Perlmooser | 730 |
| 167 | 108 | Steyr-Daimler | 124.00 |
| 1113 | 690 | Veitscher Mag | 875 |

## DENMARK

| 1987 High | 1987 Low | October 2 | Price Kr % |
|---|---|---|---|
| 1140 | 720 | Baltica Hldgs. | 1070.00 |
| 288 | 237 | Cop Handelsbank | 251.00 |
| 410 | 280 | D. Sukkerfab | 295.00 |
| 375 | 297 | Den Danske Bank | 332.00 |
| 228 | 160 | East Asiatic | 203.00 |
| 1040 | 805 | Forenede Brygg | 930.00 |
| 357 | 211 | GNT Holding | 225.00 |
| 880 | 695 | I.S.S.B. Systems | 850.00 |
| 575 | 455 | Jyske Bank | 505.00 |
| 298 | 208 | Novo Inds.* | 211.00 |
| 295 | 243 | Privatbanken | 254.00 |
| 1050 | 675 | Sophus Berendsen | 1090.00 |
| 254 | 149 | Superfos | 240.00 |

## NETHERLANDS

| 1987 High | 1987 Low | October 2 | Price Fls. |
|---|---|---|---|
| 66.8 | 55.5 | ACF Holding | 60.00 |
| 101.1 | 78 | AEGON | 89.30 |
| 112 | 91.2 | Ahold | 103.80 |
| 178.4 | 127.3 | AKZO | 176.90 |
| 53 | 44.4 | ABN | 46.60 |
| 75.4 | 57.8 | AMEV | 60.50 |
| 90.9 | 70 | AMRO | 82.40 |
| 65.3 | 48.2 | Buehrmann-Tet | 64.50 |
| 270 | 195.5 | Dordtsche Pet. | 244.40 |
| 70 | 46 | Elsevier | 59.00 |
| 62 | 44 | Fokker | 58.50 |
| 53.5 | 39 | Gist Brocades | 49.50 |
| 198 | 145 | Heineken | 173.50 |
| 49.8 | 29.7 | Hoogovens | 46.80 |
| 69 | 48.4 | Hunter Douglas | 69.00 |
| 24.1 | 16.6 | IHC Caland | 22.70 |
| 71.5 | 59 | Int Mueller | 65.00 |
| 57.4 | 35.1 | KLM | 54.70 |
| 173.5 | 133.5 | KNP | 161.50 |
| 81.7 | 66 | Nat Ned Cert | 74.00 |
| 197 | 153 | Ned Mid Bank | 162.50 |
| 197 | 128.5 | Ned Lloyd | 192.00 |
| 476 | 380 | Oce Grinten | 427.00 |
| 41.6 | 33.6 | Ommeren (Van) | 33.90 |
| 88.9 | 60 | Pakhoed | 83.30 |
| 56.3 | 43 | Philips | 51.70 |
| 116 | 94 | Robeco | 112.00 |
| 146.8 | 137.6 | Rodamco | 144.50 |
| 109.9 | 82.8 | Rolinco | 107.60 |
| 52.6 | 49.6 | Rorento | 51.70 |
| 297.2 | 207.8 | Royal Dutch | 268.40 |
| 692.3 | 132.5 | Unilever | 139.50 |
| 28 | 21.1 | VMF Stork | 22.10 |
| 97.5 | 68 | VNU | 92.80 |
| 97.5 | 73 | Wessanen | 93.50 |
| 140 | 106.5 | Wolters Kluwer | 135.20 |

## NORWAY

| 1987 High | 1987 Low | October 2 | Price Kroner |
|---|---|---|---|
| 101.5 | 57 | Aker-Norcem | 94.50 |
| 249 | 169 | Bergen bank | 249 |
| 469 | 260 | Bergesen B | 440 |
| 263 | 176 | Christiania Bk | 260.50 |
| 208 | 148 | Den Norsk Credit | 202 |
| 167 | 86.5 | Elkem | 156.50 |
| 663 | 250 | Hafslund | 625 |
| 179 | 128.5 | Kosmos | 164.50 |
| 338 | 170 | Kvaerner | 301.50 |
| 280 | 204 | Norsk Data | 239 |
| 263 | 131 | Norsk Hydro | 255 |
| 4705 | 368 | Orkla Borregaard | 583 |
| 449 | 290 | Storebrand | 449 |

## SPAIN

| 1987 High | 1987 Low | October 2 | Price Pts. % |
|---|---|---|---|
| 2300 | 232 | Alcazar | 660 |
| 1950 | 1275 | Banco Bilbao | 1930 |
| 1190 | 970 | Banco Central | 1190 |
| 650 | 385 | Banco Exterior | 630 |
| 849 | 450 | Banco Hispano | 830 |
| 2080 | 1395 | Banco Popular | 1905 |
| 1372 | 930 | Banco Santander | 1320 |
| 2071 | 1067 | Banco de Vizcay | 1905 |
| 1400 | 610 | Banesto | 1400 |
| 870 | 450 | Dragados | 740 |
| 113.2 | 52.2 | Hidrola | 102 |
| 169.2 | 84.2 | Iberduero | 142.70 |
| 820 | 375 | Petroleos | 768 |
| 253 | 146.5 | Telefonica | 222 |

## SWEDEN

| 1987 High | 1987 Low | October 2 | Price Kronor |
|---|---|---|---|
| 228 | 142 | AGA (free) | 220 |
| 370 | 261 | Alfa-Laval | 370 |
| 453 | 286 | ASEA (Free) | 439 |
| 290 | 252 | Astra B (Free) | 265 |
| 210 | 140 | Atlas Copco | 208 |
| 240 | 136 | Beijer A Fria | 233 |
| 360 | 143 | Cardo (Free) | 300 |
| 380 | 235 | Cellulosa | 368 |
| 340 | 274 | Electrolux B | 340 |
| 298 | 189 | Ericsson | 246 |
| 210 | 124 | Esselte | 196 |
| 520 | 210 | Mo Och Domsjo | 515 |
| 261 | 187 | Pharmacia | 242 |
| 295 | 208 | Saab-Scania (free) | 295 |
| 220 | 135 | Sandvik | 213 |
| 214 | 110 | Skandia Ins. | 213 |
| 309 | 229 | Skandia Intl. | 285 |
| 159 | 104 | Skan Enskilda | 159 |
| 397 | 310 | SKF | 384 |
| 448 | 269 | St. Kopparbergs | 445 |
| 545 | 380 | Svka Handelsbn | 540 |
| 119 | 82 | Swedish Match | 119 |
| 420 | 261 | Volvo B (Free) | 406 |

## SWITZERLAND

| 1987 High | 1987 Low | October 2 | Price Frs. |
|---|---|---|---|
| 13350 | 8,725 | Adia Intl. | 13350 |
| 940 | 430 | Alusuisse | 940 |
| 4140 | 2925 | Bank Leu | 4000 |
| 3150 | 1,570 | Brown Boveri | 2925 |
| 4210 | 2,920 | Ciba Geigy | 4210 |
| 2880 | 2,000 | do. (PtCts) | 2865 |
| 3,840 | 2900 | Credit Suisse | 3500 |
| 4210 | 3400 | Elektrowatt | 4025 |
| 1990 | 1370 | Fischer (Geo.) | 1610 |
| 155250 | 153.5 | Hoff-Roche (Pt Cts) | 152625 |
| 15450 | 11,950 | Hoff-Roche 1/10 | 15250 |
| 11150 | 7,900 | Jacobs Suchard | 11150 |
| 4150 | 3275 | Jelmoli | 4150 |
| 2010 | 1500 | Landis & Gyr | 2010 |
| 11450 | 8,625 | Nestle | 11400 |
| 1725 | 1,110 | Oer-Buhrle | 1600 |
| 2450 | 2,050 | Pargesa Hldg | 2380 |
| 460 | 389 | Pirelli | 441 |
| 15600 | 10,300 | Sandoz (Br) | 15600 |
| 2740 | 1,550 | Sandoz (PtCts) | 2740 |
| 945 | 590 | Schindler (PtCts) | 945 |
| 850 | 583 | Sika | 850 |
| 8,950 | 6010 | Surveillance | 7200 |
| 1490 | 1,080 | Swissair | 1410 |
| 572 | 421 | Swiss Bank | 515 |
| 20,300 | 15200 | Swiss Reinsce | 18650 |
| 2,788 | 1960 | Swiss Volksbk | 2390 |
| 6,120 | 4350 | Union Bank | 5090 |
| 7,500 | 5,800 | Winterthur | 7350 |
| 7,917 | 5875 | Zurich Ins | 7450 |

## JAPAN

| 1987 High | 1987 Low | October 2 | Price Yen |
|---|---|---|---|
| 4100 | 1890 | Ajinomoto | 3480 |
| 2250 | 1020 | All Nippon Air | 2250 |
| 2840 | 1320 | Alps Electric | 2700 |
| 1300 | 770 | Asahi Chemicals | 1300 |
| 2230 | 1310 | Asahi Glass | 2150 |
| 1900 | 1040 | Bank Tokyo | 1530 |
| 1380 | 602 | Bridgestone | 1380 |
| 735 | 545 | Brother Inds | 735 |
| 1260 | 691 | Canon | 1250 |
| 1490 | 861 | Casio Computers | 1470 |
| 2350 | 1340 | Chugai Pharm | 1900 |
| 1818 | 878 | Daiei | 1700 |
| 4039 | 1893 | Dai Ichi Kan Bank | 3160 |
| 895 | 603 | Dai Nippon Ink | 883 |
| 2400 | 1700 | Dai Nippon Ptg | 2360 |
| 2630 | 1760 | Daiwa House | 1990 |
| 3930 | 1750 | Daiwa Sec | 3060 |
| 2480 | 1710 | Eisai | 2230 |
| 7020 | 386 | Fanuc | 7020 |
| 4220 | 2860 | Fuji Bank | 3240 |
| 4980 | 2730 | Fuji Film | 4910 |
| 2470 | 1750 | Fujisawa | 2220 |
| 1530 | 700 | Fujitsu | 1530 |
| 2070 | 479 | Furukawa Elect | 922 |
| 3170 | 2230 | Green Cross | 2770 |
| 2230 | 1600 | Heiwa Real Est | 1920 |
| 1560 | 860 | Hitachi | 1530 |
| 2080 | 1500 | Hitachi Credit | 1580 |
| 1790 | 1140 | Honda | 1730 |
| 5400 | 2560 | Indl Bank Japan | 3340 |
| 769 | 406 | Ishikawajima Ha | 652 |
| 505 | 310 | Isuzu Motors | 495 |
| 1030 | 675 | Itoh (C) | 750 |
| 4300 | 3210 | Ito Yokado | 3900 |
| 17800 | 1200 | JAL | 17800 |
| 1780 | 1050 | Jusco | 1430 |
| 2130 | 1460 | Kajima | 1730 |
| 2133 | 1571 | Kao Corp | 2100 |
| 340 | 175 | Kawasaki Steel | 317 |
| 3090 | 1600 | Kirin | 2330 |
| 349 | 156 | Kobe Steel | 310 |
| 750 | 474 | Komatsu | 750 |
| 950 | 571 | Konishiroku | 853 |
| 678 | 348 | Kubota | 665 |
| 1264 | 941 | Kumagai | 1020 |
| 7040 | 3560 | Kyoto Ceramic | 7040 |
| 620 | 440 | Marubeni | 521 |
| 3610 | 2500 | Marui | 3350 |
| 487 | 330 | Mazda Motors | 487 |
| 1960 | 800 | Meiji Seika | 1090 |
| 2840 | 1460 | MEI | 2810 |
| 4200 | 2010 | M'bishi Bank | 2960 |
| 1270 | 731 | M'bishi Chem | 1150 |
| 1640 | 960 | M'bishi Corp | 1210 |
| 716 | 408 | M'bishi Elec | 709 |
| 3490 | 2380 | M'bishi Estate | 2480 |
| 692 | 430 | MHI | 664 |
| 2901 | 1254 | Mitsui Bank | 2360 |
| 939 | 530 | Mitsui Co. | 800 |
| 3100 | 1850 | Mitsui Estate | 2100 |
| 804 | 335 | Mitsui Toatsu | 775 |
| 1840 | 1020 | Mitsukoshi | 1730 |
| 1080 | 807 | NGK Insulators | 1080 |
| 3120 | 1510 | Nikko Sec | 2200 |
| 1670 | 1050 | Nippon Denso | 1650 |
| 2500 | 1400 | Nippon Elect | 2500 |
| 1610 | 1040 | Nippon Express | 1170 |
| 1960 | 1270 | Nippon Gakki | 1950 |
| 1290 | 600 | Nippon Kogaku | 1290 |
| 367 | 230 | Nippon Kokan | 333 |
| 1510 | 1120 | Nippon Oil | 1390 |
| 685 | 439 | Nippon Seiko | 685 |
| 1470 | 1000 | Nippon Shimpan | 1210 |
| 434 | 171 | Nippon Steel | 420 |
| 679 | 460 | Nippon Suisan | 625 |
| 691 | 443 | Nippon Yusen | 607 |
| 855 | 550 | Nissan Motor | 846 |
| 1470 | 728 | Nisshin Flour | 1460 |
| 5900 | 2920 | Nomura | 4390 |
| 1390 | 948 | Olympus | 1200 |
| 865 | 540 | Onoda Cement | 785 |
| 2250 | 1010 | Orient Finance | 1490 |
| 3800 | 148 | Orient Leasing | 3600 |
| 3190 | 1455 | Pioneer | 3190 |
| 1410 | 636 | Ricoh | 1410 |
| 2090 | 1610 | Sankyo | 1740 |
| 3505 | 1563 | Sanwa Bank | 2770 |
| 580 | 361 | Sanyo Elect | 571 |
| 2233 | 1233 | Sapporo | 1750 |
| 2640 | 1660 | Sekisui House | 2000 |
| 8490 | 7500 | Seven-Eleven | 7500 |
| 1260 | 729 | Sharp | 1250 |
| 1190 | 723 | Shimizu Const. | 1000 |
| 1980 | 1550 | Shionogi | 1740 |
| 2,350 | 1680 | Shiseido | 2280 |
| 787 | 362 | Showa Denko | 782 |
| 5590 | 2720 | Sony | 5540 |
| 4990 | 2560 | Sumitomo Bank | 3720 |
| 1000 | 395 | Sumitomo Chem | 920 |
| 1140 | 930 | Sumitomo Corp | 1140 |
| 1950 | 1460 | Sumitomo Elect | 1950 |
| 342 | 140 | Sumitomo Metal | 318 |
| 5560 | 2726 | Sumitomo Tr. & Bk. | 3500 |
| 1350 | 892 | Taisei Corp | 1020 |
| 1570 | 971 | Taisho Marine | 1120 |
| 1900 | 780 | Taiyo Kobe Bank | 1550 |
| 3630 | 2480 | Takeda | 3400 |
| 5650 | 2660 | TDK | 5500 |
| 963 | 660 | Teijin | 931 |
| 2250 | 1620 | Toa Nenryo Kyo | 2020 |
| 2600 | 1180 | Tokai Bank | 2230 |
| 2890 | 1810 | Tokyo Marine | 2080 |
| 9350 | 3600 | Tokyo Elect Pwr | 6130 |
| 1570 | 925 | Tokyo Gas | 999 |
| 1963 | 1187 | Tokyu Corp | 1360 |
| 1780 | 1410 | Toppan Print | 1720 |
| 932 | 585 | Toray | 900 |
| 817 | 585 | Toshiba Elect | 815 |
| 2770 | 1528 | Toyo Seikan | 2750 |
| 2240 | 1460 | Toyota Motor | 2240 |
| 545 | 258 | UBE Inds | 485 |
| 3380 | 1690 | Victor | 3140 |
| 1170 | 603 | Yamaha | 1040 |
| 3100 | 1500 | Yamaichi Sec | 2270 |
| 4900 | 3630 | Yamanouchi | 4290 |
| 1900 | 1490 | Yamazaki | 1570 |
| 1960 | 935 | Yasuda Fire | 1090 |

## AUSTRALIA

| 1987 High | 1987 Low | October 2 | Price Aust$ |
|---|---|---|---|
| 4.65 | 2.55 | ACI Int. | 4.50 |
| 4.35 | 1.8 | A.F.P. | 4.08 |
| 14.5 | 7.9 | Adelaide Steams | 10.20 |
| 6.2 | 4.15 | Amcor | 5.50 |
| 5.84 | 2.8 | ANZ Group | 5.50 |
| 4.15 | 2.65 | Ampol Pet | 4.10 |
| 3.75 | 2.43 | Ariadne Aust | 2.62 |
| 4.7 | 2.7 | Ashton | 3.45 |
| 4.1 | 2.25 | Aust Guarant | 4.00 |
| 2.92 | 1.05 | Aust Nat Inds | 2.50 |
| 10.6 | 7.1 | Bell Group | 10.15 |
| 6.4 | 4.05 | Bell Resources | 5.26 |
| 2.95 | 1.67 | Bond Corp Hldgs | 2.80 |
| 6.8 | 4.21 | Boral | 6.28 |
| 5.7 | 3.1 | B'ville Copper | 5.10 |
| 12.2 | 6.95 | Brambles Inds | 11.40 |
| 1.95 | 0.85 | Bridge Oil | 1.85 |
| 10.95 | 7.75 | BHP | 10.65 |
| 1.9 | 1.2 | BHP Gold | 1.70 |
| 6.1 | 3.77 | Burns Philp | 5.90 |
| 11.6 | 6.4 | CRA | 10.40 |
| 4.76 | 3.55 | CSR | 4.70 |
| 5.8 | 2.55 | Chase Corp | 4.20 |
| 1.85 | 0.7 | Claremont Petro | 0.93 |
| 9.6 | 6 | Coles Myer | 9.30 |
| 5.5 | 2 | Comalco "A" | 5.16 |
| 0.74 | 0.16 | Consolidated Pet | 0.20 |
| 4.05 | 2.05 | Costain Aust | 3.90 |
| 5.94 | 4 | Elders IXL | 5.68 |
| 3 | 1.55 | Energy Res | 2.75 |
| 3.85 | 2.13 | Gen Prop Trust | 3.60 |
| 5.7 | 3.42 | Goodman Fielder | 5.70 |
| 4.95 | 2.8 | Hardie (J.) | 4.90 |
| 5.1 | 2.6 | Hartogen Energy | 2.80 |
| 6.2 | 2.7 | ICI Aust | 6.20 |
| 6.94 | 4.35 | Industrial Equity | 6.28 |
| 0.87 | 0.38 | Jimberlana (50cFP) | 0.65 |
| 15.2 | 10 | Jones (David) | 13.70 |
| 1.45 | 0.85 | Kia Ora Gold | 1.10 |
| 9.8 | 5.9 | Kidston Gold | 7.20 |
| 19 | 8.4 | Lend Lease | 17.75 |
| 3.75 | 1.45 | MIM | 3.30 |
| 6.86 | 3.9 | Mayne Nickless | 6.20 |
| 6.3 | 3.9 | Nat. Aust. Bank | 5.90 |
| 25 | 17 | News | 24 |
| 5.12 | 3.1 | Noranda Pacific | 4.80 |
| 4.8 | 1.91 | North Bkn Hill | 4.45 |
| 1.11 | 0.44 | Oakbridge | 0.53 |
| 6.2 | 3.5 | Pacific Dunlop | 5.90 |
| 4.5 | 2.68 | Pancont'l | 3.65 |
| 4.95 | 3.05 | Pioneer Conc | 4.88 |
| 4.75 | 2.1 | Placer Pacific | 3.65 |
| 7.4 | 2.7 | Poseidon | 6.40 |
| 1.7 | 0.98 | Queensland Coal | 1.52 |
| 7.8 | 3.85 | Santos | 6.90 |
| 5.5 | 4.18 | Smith (H.) | 5.06 |
| 7.04 | 3.75 | Thos Natwide | 6.60 |
| 9.1 | 5.75 | Tooth | 8.70 |
| 4.05 | 2.55 | Vamgas | 3.50 |
| 10.5 | 3.51 | Western Mining | 8.94 |
| 7.12 | 4.4 | Westpac | 6.66 |
| 2.68 | 1.55 | Woodside Petrol | 1.98 |
| 4.1 | 3.1 | Woolworths | 3.60 |
| 4.15 | 2.25 | Wormald Intl | 3.40 |
| 38 | 17.5 | Bank East Asia | 34.00 |
| 8.8 | 4.9 | Cathy Pacific | 8.70 |
| 13.8 | 8.8 | Cheung Kong | 13.60 |
| 30.75 | 17.5 | China Light | 29.80 |
| 1.31 | 0.58 | Evergo | 1.31 |
| 19 | 9.85 | Hang Lung | 19.85 |
| 54 | 26 | Hang Seng Bank | 54.00 |
| 8.7 | 3.9 | Henderson Land | 8.45 |
| 24.8 | 15.3 | Hong Kong China | 21.60 |
| 11.5 | 6 | HK Electric | 10.70 |
| 9.45 | 5.1 | HK Land | 9.15 |
| 11.1 | 7.4 | HK Shanghai Bank | 10.90 |
| 18.5 | 11.3 | HK Telephone | 17.90 |
| 15.9 | 11.3 | Hutchison Wpa | 15.30 |
| 33 | 17.7 | Indust Equity P | 29.00 |
| 28.4 | 13.1 | Jardine Math | 22.30 |
| 15.7 | 8.1 | New World Dev | 15.70 |
| 20.5 | 9.25 | SHK Props | 19.50 |
| 2.57 | 1.12 | Shell Elec. Mfg. | 2.50 |
| 28.9 | 15.5 | Swire Pac A | 28.20 |
| 17.6 | 8.45 | TV-B | 16.50 |
| 11.2 | 7.5 | Wharf Hldgs | 11.00 |
| 15.9 | 6.7 | Windsor Ind. | 15.70 |
| 5.2 | 3 | World Int Hldgs | 5.15 |

## SINGAPORE

| 1987 High | 1987 Low | October 2 | Price $ |
|---|---|---|---|
| 2.42 | 1.25 | Boustead Hldgs | 1.86 |
| 8.45 | 4.25 | Cerebos Pacific | 7.95 |
| 5.85 | 3.5 | Cold Storage | 5.15 |
| 17 | 9.09 | DBS | 16.90 |
| 8.8 | 6.15 | Genting | 7.15 |
| 6.7 | 2.58 | Haw Par Bros | 6.50 |
| 5.05 | 2.71 | Hong Leong Fin | 4.38 |
| 6.95 | 2.72 | Inchcape Bhd | 6.75 |
| 4.46 | 2.74 | Keppel Shipyard | 3.88 |
| 9.05 | 5.15 | Malay Banking | 7.55 |
| 3.02 | 1.16 | Malayan Utd. Ind | 2.47 |
| 1.02 | 0.39 | Multi Purpose | 0.67 |
| 11.3 | 8.9 | OCBC | 10.20 |
| 6.3 | 3.22 | OUB | 5.50 |
| 3.28 | 1.17 | Public Bank | 2.70 |
| 4.34 | 1.93 | Sime Darby | 3.60 |
| 15 | 9.25 | Singapore Air | 14.70 |
| 11.2 | 7.6 | Singapore Press | 10.70 |
| 5.95 | 3.66 | Straits Trading | 5.40 |
| 4.88 | 2.82 | Tat Lee Bank | 4.32 |
| 8.05 | 4.18 | UOB | 7.65 |

## SOUTH AFRICA

| 1987 High | 1987 Low | October 2 | Price Rand |
|---|---|---|---|
| 4.2 | 2.6 | Abercom | 2.90 |
| 19.25 | 14.5 | AE & CI | 17.00 |
| 180 | 92 | Allied Tech. | 173.00 |
| 43 | 33 | Anglo Am Coal | 41.00 |
| 92.5 | 67 | Anglo Am Corp | 88.00 |
| 415 | 308 | Anglo Am Gold | 383.00 |
| 25 | 18.25 | Barclays Bank | 24.25 |
| 28.75 | 18.9 | Barlow Rand | 28.75 |
| 81.75 | 65 | Buffels | 70.50 |
| 6.75 | 2.9 | CNA Gallo | 6.40 |
| 7.4 | 5 | Currie Finance | 5.30 |
| 55 | 35.75 | De Beers | 52.75 |
| 95 | 66.5 | Driefontein | 89.50 |
| 63 | 48 | Freegold | 53.00 |
| 96.75 | 57 | Gold Fields SA | 96.50 |
| 7.8 | 4.9 | Highveld Steel | 7.00 |
| 29.25 | 17 | Malcor Hldgs | 27.75 |
| 8.55 | 6.2 | Nedbank | 7.90 |
| 20 | 13 | OK Bazaars | 16.90 |
| 15.5 | 10 | Rembrandt | 14.75 |
| 63 | 44.87 | Rust Plat | 59.62 |
| 35 | 17.5 | Safren | 31.75 |
| 20 | 10 | Sage Holdings | 16.75 |
| 26.25 | 15.3 | SA Brewers | 26.25 |
| 48.5 | 29.75 | Smith (C.G.) | 48.50 |
| 16.5 | 7.75 | Tongaat Hulett | 15.00 |

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

## CANADA

### MONTREAL

*Closing prices October 2*

F—No voting rights or restricted voting rights.

### MONTREAL

*Closing prices October 2*

## OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 35

# Indices

## NEW YORK

### DOW JONES

| | Oct. 2 | Oct. 1 | Sept. 30 | Sept. 29 | 1987 High | 1987 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2640.99 | 2639.20 | 2596.28 | 2590.57 | 2722.42 (25/8) | 1927.31 (2/1) | 2722.42 (25/8/87) | 41.22 (2/7/32) |
| Home Bonds | 83.52 | 83.52 | 83.64 | 83.77 | 95.51 (9/2) | 83.52 (1/10) | — (—) | — (—) |
| Transport | 1064.41 | 1062.17 | 1047.68 | 1057.14 | 1101.16 (14/8) | 816.38 (2/1) | 1101.16 (14/8/87) | 12.32 (8/7/32) |
| Utilities | 200.75 | 199.74 | 196.95 | 196.83 | 227.83 (22/1) | 191.39 (20/5) | 227.83 (22/1/87) | 10.5 (8/4/32) |

♦Day's High 2662.37 (2648.99) Low 2622.06 (2593.18)

### STANDARD AND POOR'S

| | Oct. 2 | Oct. 1 | Sept. 30 | Sept. 29 | 1987 High | 1987 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|
| Composite‡ | 328.07 | 327.33 | 321.83 | 321.69 | 336.77 (25/8) | 246.45 (2/1) | 336.77 (25/8/87) | 4.40 (1/6/32) |
| Industrials | 383.29 | 382.20 | 375.85 | 375.83 | 393.17 (25/8) | 274.58 (2/1) | 393.17 (25/8/87) | 3.62 (21/6/32) |
| Financials | 30.56 | 30.47 | 29.92 | 29.74 | 32.43 (25/8) | 25.97 (29/5) | 32.43 (25/8/87) | 8.64 (1/10/74) |
| NYSE Composite | 183.43 | 182.97 | 180.24 | 180.06 | 187.99 (25/8) | 141.01 (2/1) | 187.99 (25/8/87) | 4.46 (25/4/42) |
| Amex Mkt. value | 359.37 | 358.16 | 356.45 | 355.04 | 365.01 (13/8) | 267.49 (2/1) | 365.01 (13/8/87) | 29.31 (9/12/72) |
| NASDAQ OTC Comp | 451.61 | 448.45 | 444.29 | 441.86 | 455.28 (26/8) | 363.26 (2/1) | 455.28 (26/8/87) | 54.87 (3/10/72) |

| | Sept. 25 | Sept. 18 | Sept. 11 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.68 | 2.73 | 2.63 | 3.87 |
| | Sept. 23 | Sept. 16 | Sept. 9 | year ago (approx.) |
| S and P Industrial Div. Yield | 2.32 | 2.36 | 2.36 | 3.09 |
| S and P P/E ratio | 23.17 | 22.71 | 22.64 | 16.89 |

### TRADING ACTIVITY

| † Volume Millions | Oct. 2 | Oct. 1 | Sept. 30 |
|---|---|---|---|
| New York | 189.070 | 193.200 | 183.070 |
| Amex | 11.425 | 11.456 | 13.055 |
| OTC | (u) | 164.823 | 162.446 |

| NEW YORK | Oct. 2 | Oct. 1 | Sept. 30 |
|---|---|---|---|
| Issues Traded | 1,988 | 1,974 | 1,982 |
| Rises | 816 | 1,019 | 897 |
| Falls | 709 | 513 | 689 |
| Unchanged | 463 | 442 | 396 |
| New Highs | (u) | 84 | 44 |
| New Lows | (u) | 37 | 75 |

## CANADA

### TORONTO

| | Oct. 2 | Oct. 1 | Sept. 30 | Sept. 29 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3387.6 | 3389.8 | 3377.0 | 3371.7 | 3483.6 (4/8) | 1988.2 (2/1) |
| Composite | 3893.5 | 3898.1 | 3902.4 | 3909.7 | 4112.9 (13/8) | 3067.8 (2/1) |
| MONTREAL Portfolio | 1932.34 | 1938.36 | 1933.25 | 1941.80 | 2224.77 (16/7) | 1534.3 (2/1) |

## NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Ill. Power | 1,643,500 | 25 | ... |
| Nat. Semi. | 6,018,800 | 21½ | +⅞ |
| Caro Pwr | 4,351,400 | 35⅞ | −⅛ |
| Varity Cp | 3,984,800 | 3½ | +⅛ |
| Boston Ed | 5,980,900 | 20⅝ | −⅛ |
| Adv. Micro | 2,266,200 | 24⅝ | +⅜ |
| Tenneco | 1,969,200 | 57⅞ | +1 |
| IBM | 1,866,100 | 155⅝ | +⅝ |
| ATT | 1,565,300 | 34⅛ | −⅛ |
| Occ. Petr | 1,495,900 | 35 | +1⅛ |

| | Oct. 2 | Oct. 1 | Sep. 30 | Sep. 29 | 1987 High | 1987 Low |
|---|---|---|---|---|---|---|
| AUSTRALIA | | | | | | |
| All Ord (1/1/80) | 2241.3 | 2218.5 | 2287.6 | 2263.0 | 2305.9 (21/9) | 1486.7 (2/2) |
| Metals & Minerals (1/1/80) | 1374.1 | 1368.6 | 1400.9 | 1420.0 | 1462.4 (21/9) | 729.1 (2/1) |
| AUSTRIA | | | | | | |
| Credit Aktien (30/12/84) | 228.59 | 228.23 | 227.84 | 227.51 | 232.19 (22/9) | 182.21 (19/6) |
| BELGIUM | | | | | | |
| Brussels SE (1/1/80) | 5128.52 | 5113.20 | 5128.56 | 5140.42 | 5415.20 (13/8) | 3987.86 (9/1) |
| DENMARK | | | | | | |
| Copenhagen SE (3/1/83) | — | 207.45 | 206.63 | 206.68 | 219.76 (27/8) | 189.64 (6/1) |
| FINLAND | | | | | | |
| Unitas General (1975) | 646.2 | 646.5 | 646.5 | 646.8 | 650.6 (21/9) | 425.2 (5/1) |
| FRANCE | | | | | | |
| CAC General (31/12/82) | 410.0 | 407.7 | 418.4 | 416.7 | 460.4 (26/3) | 392.0 (2/1) |
| Ind Tendance (31/12/86) | 106.60 | (u) | 105.6 | 107.8 | 117.2 (26/3) | 97.8 (2/1) |
| GERMANY | | | | | | |
| FAZ Aktien (31/12/58) | 654.85 | 645.88 | 639.60 | 642.89 | 676.84 (6/1) | 538.32 (19/3) |
| Commerzbank (1/12/53) | 2010.4 | 1986.4 | 1964.2 | 1976.3 | 2061.10 (17/8) | 1633.8 (19/3) |
| HONG KONG | | | | | | |
| Hang Seng Bank (31/7/64) | 3932.04 | 3949.73 | 3943.64 | 3859.48 | 3949.73 (1/10) | 2449.88 (20/1) |
| ITALY | | | | | | |
| Banca Com. Ital (1972) | 634.20 | 635.14 | 640.64 | 639.24 | 767.34 (30/4) | 588.83 (15/9) |
| JAPAN** | | | | | | |
| Nikkei (16/5/49) | 25862.45 | 25721.74 | 26010.9 | 25998.0 | 26118.42 (1/9) | 18544.0 (13.1) |
| Tokyo SE New (4/1/68) | 2114.19 | 2108.33 | 2136.61 | 2139.15 | 2258.56 (11/6) | 1557.46 (13/1) |
| NETHERLANDS | | | | | | |
| ANP CBS Gen (1970) | 313.30 | (u) | 311.2 | (u) | 334.10 (14/8) | 257.7 (28/1) |
| ANP CBS Indust. (1970) | 261.90 | (u) | 259.2 | (u) | 280.80 (11/8) | 243.7 (28/1) |
| NORWAY | | | | | | |
| Oslo SE (4/1/83) | 574.94 | 562.28 | 560.88 | 562.28 | 592.04 (21/9) | 361.98 (2/1) |
| SINGAPORE | | | | | | |
| Straits Times (30/12/66) | 1419.60 | 1402.10 | 1398.28 | 1411.51 | 1505.40 (26/8) | 889.08 (2/1) |
| SOUTH AFRICA | | | | | | |
| JSE Gold (28/9/78) | — | 2239.0 | 2277.0 | 2270.0 | 2499.0 (3/8) | 1706.0 (19/3) |
| JSE Indust (28/9/78) | — | 2251.0 | 2257.0 | 2239.0 | 2257.0 (30/9) | 1423.0 (2/1) |
| SPAIN | | | | | | |
| Madrid SE (30/12/85) | 318.55 | 312.96 | 311.24 | 310.24 | 321.26 (17/9) | 202.89 (8/5) |
| SWEDEN | | | | | | |
| Jacobson & P. (31/12/56) | 3182.10 | 3155.20 | 3111.00 | 3054.28 | 3182.10 (2/10) | 2111.39 (28/1) |
| SWITZERLAND | | | | | | |
| Swiss Bank Ind. (31/12/58) | 728.7 | 725.0 | 718.4 | 720.6 | 728.7 (2/10) | 559.7 (25/2) |
| WORLD | | | | | | |
| M.S.Capital Intl. (1/1/70) | — | 485.2 | 485.4 | 486.5 | 495.9 (27/8) | 361.3 (2/1) |

**Saturday September 26: Japan Nikkei 25,512.8. TSE 2114.10

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

*Closing prices, October 2*

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | 12 Month Low | Stock | | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 38½ | 21 | AAR | s | .50 | 1.4 | 23 | 307 | 37 | 36 | 37 | +¾ |
| 52 | 23¾ | ADT | | .92 | 1.6 | 29 | 14 | 51⅞ | 51¾ | 51¾ | |
| 32¼ | 16¾ | AFG | s | .16 | .5 | 11 | 729 | 32⅛ | 31⅞ | 31⅞ | −⅛ |
| 25⅝ | 8⅞ | AGS | s | | | 22 | 227 | 24½ | 24 | 24⅛ | +¼ |
| 9⅜ | 4⅞ | AM | Intl | | | 65 | 604 | 7⅛ | 7 | 7⅛ | +⅛ |
| 65½ | 50½ | AMR | | | | 12 | 2948 | 57½ | 56¼ | 57⅜ | +⅞ |
| 27½ | 24⅞ | ANR | pf 2.67 | | 10. | | 2 | 25½ | 25½ | 25½ | |
| 38¾ | 35 | ARCO | Ch n | | | | 7774 | 38⅛ | 37⅝ | 37⅝ | −⅜ |
| 12¼ | 8¼ | ARX | s | | | 11 | 128 | 10½ | 10⅜ | 10½ | |
| 73½ | 34⅞ | ASA | | 2a | 3.3 | | 428 | 60⅝ | 58½ | 60⅝ | +⅝ |
| 21½ | 9¾ | AVX | | | | 44 | 854 | u22⅛ | 21¼ | 22⅛ | +¾ |
| 67 | 41⅛ | AbtLab | | 1 | 1.6 | 24 | 3888 | 60⅞ | 60 | 60⅞ | +1 |
| 28 | 20¼ | Abitibi | g | | | | 1832 | 25¼ | 24½ | 25⅛ | +⅞ |
| 16¾ | 9¾ | AcmeC | | .40 | 2.8 | 15 | 178 | 14⅝ | 14½ | 14½ | −⅛ |
| 10½ | 6⅛ | AcmeE | | .32b | 3.5 | 58 | 6 | 9⅜ | 9¼ | 9¼ | −⅛ |
| 23⅞ | 19 | AdaEx | | 3.42e | 15 | | 105 | 23¼ | 22¾ | 23¼ | +⅝ |
| 19½ | 10 | AdmM | s | .24 | 1.7 | 11 | 68 | 14⅜ | 13¾ | 14⅜ | +½ |
| 28⅞ | 12⅛ | AdvSys | | .62t | 2.3 | 18 | 579 | 26⅞ | 26⅛ | 26¾ | +½ |
| 24½ | 12⅞ | AMD | | | | | 22658 | u24¾ | 24⅛ | 24½ | +½ |
| 56⅜ | 47 | AMD | pf | 3 | 5.3 | | 1373 | u56¾ | 55⅜ | 56¾ | +1½ |
| 11⅞ | 5⅛ | Adobe | | | | | 15 | 9⅝ | 9⅜ | 9⅝ | −⅛ |
| [illegible] | | | | | | | | | | | |

Continued on Page 35

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

Closing prices, October 2

| Stock | Div | P/E | Sls 100s | High | Low | Close | Change |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# OVER-THE-COUNTER

*Nasdaq national market, Closing prices October 2*

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

Continued on Page 33

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Japan may lead the way to higher interest rates

BY COLIN MILLHAM

THIS WILL be another quiet week as far as financial statistics are concerned, with attention in the UK turning to the Conservative Party conference, starting tomorrow.

On the wider international front dealers will be looking for a further rise in US interest rates, and a possible increase in the Japanese discount rate.

As far as London's financial markets are concerned the major event of this week is likely to be the speech by Mr Nigel Lawson, Chancellor of the Exchequer, to the Tory conference on Thursday. Dealers will be particularly concerned to see whether Mr Lawson makes any reference to the level of public spending.

Nomura Research Institute in London said at the end of last week an increase in the Bank of Japan's discount rate looks imminent.

Nomura added that a rise in the discount rate usually follows an increase in wholesale prices and that the Japanese wholesale prices index is set to rise.

It may be noted that there was a sharp rise in the US Commodity Research Bureau's price index last Thursday.

Nomura also noted strong money supply growth in Japan, running at around 11 per cent, and suggested that rising wholesale prices and money supply growth would lead to a higher discount rate, to curb fears about inflation.

Whether this will turn out to be a wise move is not clear however, according to Nomura, since it is likely to lead to a flow of capital into Tokyo.

This in turn will boost the yen, and do nothing to help Japanese industry at a time when growth is relatively weak and the trade deficit is falling.

On Friday it was announced that Japan's unadjusted trade surplus narrowed to $6.21bn in August, from $8.55bn in July.

This downward trend in the trade surpluses run by Japan and West Germany increased hopes that the August US trade deficit, to be published on Wednesday week will show a marked improvement.

Morgan Grenfell has forecast a decline in the trade surplus to $13bn, from the record shortfall of $16.47bn in July, but in common with many other observers believes the situation will deteriorate again towards the end of the year.

No important US statistics will be released this week, and the only significant UK figure will be the retail prices index for September, on Friday.

According to County NatWest Gilt-Edged Securities there are no special features to be taken into account, and the monthly rise in the RPI will be steady at 0.3 per cent, to give a year-on-year inflation rate of 4.2 per cent.

Stockbrokers Phillips and Drew, and James Capel, agree with this forecast. This is also the median market estimate, on a survey by Money Market Services.

MMS itself, and Nomura, forecast a monthly rise of 0.2 per cent, for a year-on-year rate of 4.1 per cent.

On the other hand Greenwell Montagu Research, and Morgan Grenfell expect 0.4 per cent, and a year on year rate of 4.3 per cent.

County NatWest commented that inflation probably peaked out in the summer at 4.4 per cent, and expects the year-on-year rate to have fallen to 3.6 per cent by the end of the year.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls—Last Dec | Calls—Last March | Puts—Last Dec | Puts—Last March |
|---|---|---|---|---|
| 104 | 10.18 | 10.38 | 0.02 | 0.16 |
| 106 | 8.19 | 8.52 | 0.03 | 0.30 |
| 108 | 6.27 | 7.10 | 0.11 | 0.52 |
| 110 | 4.41 | 5.42 | 0.25 | 1.20 |
| 112 | 3.05 | 4.21 | 0.53 | 1.63 |
| 114 | 1.53 | 3.14 | 1.37 | 2.56 |
| 116 | 1.00 | 2.20 | 2.48 | 3.62 |
| 118 | 0.31 | 1.39 | 4.15 | 5.17 |

Estimated volume total, Calls 975 Puts 1,329
Previous day's open int: Calls 28,002 Puts 19,496

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls—Last Dec | Calls—Last March | Puts—Last Dec | Puts—Last March |
|---|---|---|---|---|
| 76 | 5.30 | 5.10 | 0.20 | 0.56 |
| 78 | 3.55 | 3.50 | 0.45 | 1.32 |
| 80 | 2.24 | 2.41 | 1.14 | 2.23 |
| 82 | 1.18 | 1.49 | 2.08 | 3.31 |
| 84 | 0.41 | 1.08 | 3.31 | 4.54 |
| 86 | 0.18 | 0.43 | 5.08 | 6.25 |
| 88 | 0.07 | 0.25 | 6.61 | 8.07 |
| 90 | 0.02 | 0.14 | 8.56 | 9.60 |

Estimated volume total, Calls 127 Puts 42

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls—Last Sept. | Calls—Last Oct. | Puts—Last Sept. | Puts—Last Oct. |
|---|---|---|---|---|
| 23000 | 13.98 | 15.51 | 0.58 | 2.11 |
| 23250 | 11.84 | 13.63 | 0.94 | 2.73 |
| 23500 | 9.83 | 11.88 | 1.43 | 3.48 |
| 23750 | 8.00 | 10.27 | 2.10 | 4.37 |
| 24000 | 6.37 | 8.79 | 2.97 | 5.39 |
| 24250 | 4.95 | 7.46 | 4.05 | 6.55 |
| 24500 | 3.75 | 6.26 | 5.35 | 7.86 |
| 24750 | 2.77 | 5.20 | 6.87 | 9.30 |

Estimated volume total, Calls 0 Puts 0

### £ IN NEW YORK

| Oct. 2 | Close | Previous Close |
|---|---|---|
| £ Spot | 1.6181-1.6195 | 1.6225-1.6230 |
| 1 month | 0.34-0.32pm | 0.34-0.33pm |
| 3 months | 0.77-0.75pm | 0.80-0.78pm |
| 12 months | 2.14-2.08pm | 2.30-2.20pm |

Forward premiums and discounts apply to the U.S. dollar.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Oct. 2 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.1183 | +1.55 | +0.85 | ± 1.5344 |
| Danish Krone | 7.85212 | 7.98276 | +1.66 | +0.96 | ± 1.6404 |
| German D-Mark | 2.05853 | 2.07720 | +0.91 | +0.21 | ± 1.0981 |
| French Franc | 6.90403 | 6.91591 | +0.17 | −0.53 | ± 1.3674 |
| Dutch Guilder | 2.31943 | 2.33737 | +0.77 | +0.07 | ± 1.5012 |
| Irish Punt | 0.768411 | 0.774073 | +0.74 | +0.04 | ± 1.6684 |
| Italian Lira | 1,483.58 | 1498.78 | +1.02 | +0.77 | ± 4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### LIFFE £/$ OPTIONS

£25,000 (cents per £1)

| Strike Price | Calls—Last Oct. | Calls—Last Nov. | Calls—Last Dec. | Calls—Last Mar. | Puts—Last Oct. | Puts—Last Nov. | Puts—Last Dec. | Puts—Last Mar. |
|---|---|---|---|---|---|---|---|---|
| 1.45 | 17.25 | 17.25 | 17.25 | 17.25 | 0.00 | 0.00 | [illegible] | [illegible] |
| 1.50 | 12.25 | 12.25 | 12.25 | 12.25 | 0.00 | 0.00 | [illegible] | [illegible] |
| 1.55 | 7.25 | 7.25 | 7.25 | 7.41 | 0.00 | 0.07 | [illegible] | [illegible] |
| 1.60 | 2.32 | 2.70 | 3.15 | 4.25 | 0.21 | 0.87 | [illegible] | [illegible] |
| 1.65 | 0.11 | 0.53 | 1.00 | 2.13 | 3.00 | 3.70 | [illegible] | [illegible] |
| 1.70 | 0.00 | 0.04 | 0.20 | 0.92 | 7.89 | 8.21 | [illegible] | [illegible] |
| 1.75 | 0.00 | 0.00 | 0.03 | 0.34 | 12.89 | 13.17 | [illegible] | [illegible] |

Estimated volume total, Calls 184 Puts 0
Previous day's open int. Calls 160 Puts 1,209

### STERLING INDEX

| | | Oct. 2 | Previous |
|---|---|---|---|
| 8.30 | am | 72.9 | 73.0 |
| 9.00 | am | 72.9 | 73.0 |
| 10.00 | am | 72.9 | 73.0 |
| 11.00 | am | 72.9 | 73.0 |
| Noon | | 72.9 | 73.0 |
| 1.00 | pm | 72.9 | 73.0 |
| 2.00 | pm | 72.9 | 73.0 |
| 3.00 | pm | 72.9 | 73.0 |
| 4.00 | pm | 72.9 | 72.8 |

### POUND SPOT—FORWARD AGAINST THE POUND

| Oct. 2 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6190-1.6250 | 1.6210-1.6220 | 0.33-0.30 c pm | 2.33 | 0.79-0.75 pm | 1.90 |
| Canada | 2.1180-2.1271 | 2.1180-2.1190 | 0.16-0.06 c pm | 0.62 | 0.31-0.20 pm | 0.48 |
| Netherlands | 3.35½-3.36½ | 3.35½-3.36½ | 1⅛-1⅛ c pm | 4.69 | 3⅞-3⅝ pm | 4.54 |
| Belgium | 61.86-62.19 | 61.95-62.05 | 20-17 c pm | 3.58 | 60-54 pm | 3.68 |
| Denmark | 11.45¾-11.50½ | 11.47-11.48 | 1⅝-1⅛ ore pm | 0.59 | 3½-½ pm | 0.70 |
| Ireland | 1.1110-1.1175 | 1.1135-1.1145 | 0.16-0.10 p pm | 1.40 | 0.43-0.26 pm | 1.24 |
| W. Germany | 2.98¼-2.99¼ | 2.98¼-2.99¼ | 1½-1⅛ pf pm | 5.77 | 4⅛-4 pm | 5.52 |
| Portugal | 234.40-236.28 | 234.40-235.30 | 8-45 c dis | −1.35 | 109-197 dis | −2.61 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CURRENCY RATES

| Oct. 2 | Bank rate % | Special* Drawing Rights | European Currency Unit |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

* SDR rate for Oct. 1

### CURRENCY MOVEMENTS

| Oct. 2 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

| Oct. 2 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs.

### EURO-CURRENCY INTEREST RATES

| Oct. 2 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### OTHER CURRENCIES

| Oct. 2 | £ | $ |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

*Selling rate.

### EXCHANGE CROSS RATES

| Oct. 2 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.622 | 2.988 | 237.3 | 9.936 | 2.480 | 3.360 | 2155. | 2.119 | 62.00 |
| $ | 0.617 | 1. | 1.842 | 146.4 | 6.128 | 1.535 | 2.073 | 1329. | 1.307 | 38.25 |
| DM | 0.335 | 0.543 | 1. | 79.41 | 3.326 | 0.833 | 1.125 | 721.3 | 0.709 | 20.75 |
| YEN | 4.215 | 6.835 | 12.59 | 1000. | 41.88 | 10.48 | 14.16 | 9083. | 8.929 | 261.3 |
| F Fr. | 1.007 | 1.632 | 3.007 | 238.8 | 10. | 2.504 | 3.382 | 2169. | 2.132 | 62.41 |
| S Fr. | 0.402 | 0.652 | 1.201 | 95.38 | 3.994 | 1. | 1.351 | 866.3 | 0.852 | 24.92 |
| H Fl. | 0.298 | 0.483 | 0.889 | 70.61 | 2.957 | 0.740 | 1. | 641.4 | 0.631 | 18.45 |
| Lira | 0.464 | 0.752 | 1.386 | 110.1 | 4.610 | 1.154 | 1.559 | 1000. | 0.983 | 28.77 |
| C $ | 0.472 | 0.765 | 1.410 | 112.0 | 4.690 | 1.174 | 1.586 | 1017. | 1. | 29.27 |
| B Fr. | 1.613 | 2.615 | 4.819 | 382.7 | 16.02 | 4.012 | 5.419 | 3476. | 3.417 | 100. |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 mth | 3 mths | 6 mths | 12 mths |
|---|---|---|---|---|---|
| US Dollar | 1.6215 | 1.6184 | 1.6138 | 1.6070 | 1.6010 |
| D-mark | 2.9875 | 2.9723 | 2.9459 | 2.9064 | 2.8361 |
| French Fr. | 9.9350 | 9.9166 | 9.8886 | 9.8547 | 9.8192 |
| Swiss Fr. | 2.4875 | 2.4739 | 2.4516 | 2.4165 | 2.3520 |
| Yen | 237.25 | 236.07 | 234.07 | 231.20 | 225.97 |

### PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

| Strike Price | Calls | Puts |
|---|---|---|
| 1.575–1.725 | [illegible] | [illegible] |

### LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

| Strike Price | Calls—Last | Puts—Last |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

### LIFFE-EURODOLLAR OPTIONS

$1m points of 100%

| Strike Price | Calls—Last | Puts—Last |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

### LONDON

#### 20-YEAR 12% NOTIONAL GILT

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### US NATIONAL LONG TERM JAPANESE GOVT BOND

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### THREE-MONTH STERLING

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### FT-SE 100 INDEX

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### THREE-MONTH EURODOLLAR

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### U.S. TREASURY BONDS 8%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CHICAGO

#### U.S. TREASURY BONDS (CBT) 8%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### U.S. TREASURY BILLS (IMM)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### JAPANESE YEN (IMM)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### DEUTSCHE MARK (IMM)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### SWISS FRANC (IMM)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### THREE-MONTH EURODOLLAR (IMM)

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### STANDARD & POORS 500 INDEX

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CURRENCY FUTURES

#### IMM—STERLING $e per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec. | 1.6120 | 1.6175 | 1.6100 | 1.6155 |
| Mar. | 1.6050 | 1.6105 | 1.6060 | 1.6085 |
| June | 1.5890 | 1.6035 | 1.5990 | 1.6015 |

#### LIFFE—STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec. | 1.6155 | 1.6160 | 1.6160 | 1.6097 |
| Mar. | 1.6095 | — | — | 1.6035 |

Estimated volume 15 (13)
Previous day's open int 356 (369)

## MONEY MARKETS

# Steady rates in erratic times

**UK clearing bank base lending rate 10 per cent since August 7**

INTEREST RATES have been steady of late on the London money market, thanks largely to the lack of movement in sterling.

Credit conditions on the London money market have been erratic, either producing larger than expected shortages, or a surplus when a shortage was expected.

Dealers suggested this may have been partly the result of intervention by the Bank of England on the foreign exchanges. The central bank was believed to have sold the pound against the dollar and D-Mark at times during the week, and this could have been responsible for the surprising surplus on Thursday, as sterling pushed out by the authorities leaked back into the banking system.

On Friday it was announced that September UK official reserves rose an underlying $380m, after falling $457m in August.

It was generally expected that reserves would rise about $100m, but it appears the Bank of England was more active than the market thought, selling the pound.

Three-month interbank finished the week at 10¼ per cent, up from 10$\frac{3}{16}$ per cent on the previous Friday, possibly indicating slight nervousness at the international interest rate picture.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Oct. 2) 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 8$\frac{5}{16}$ | offer 8$\frac{7}{16}$ | bid 8⅜ | offer 8½ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### BANK OF ENGLAND TREASURY BILL TENDER

| | Oct. 2 | Sept 25 | | Oct. 2 | Sept 25 |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### WEEKLY CHANGE IN WORLD INTEREST RATES

| | Oct. 2 | change | | Oct. 2 | change |
|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

### MONEY RATES

**NEW YORK (4 pm)**

| | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 8¾ | One month | 6.39 | Three year | 8.86 |
| Broker loan rate | 8¾ | Two month | 6.50 | Four year | 9.08 |
| Fed. funds | 7¼-⅜ | Three month | 6.89 | Five year | 9.20 |
| Fed funds at intervention | 7$\frac{5}{16}$ | Six month | 7.20 | Seven year | 9.46 |
| | | One year | 7.86 | 10 year | 9.59 |
| | | Two year | 8.59 | 30 year | 9.70 |

| October 2 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.75-3.85 | 3.90-4.05 | 3.90-4.05 | 4.40-4.55 | 4.45-4.60 | 5.0 |
| Paris | 7⅛-7½ | 7$\frac{9}{16}$-7$\frac{11}{16}$ | 7$\frac{13}{16}$-7$\frac{15}{16}$ | 7$\frac{15}{16}$-8$\frac{1}{16}$ | 8$\frac{3}{16}$-8$\frac{5}{16}$ | 7½ |
| Zurich | ⅞-1⅛ | 3¼-3½ | — | 4-4¼ | — | — |
| Amsterdam | 5-5¼ | 5$\frac{5}{16}$-5$\frac{7}{16}$ | — | 5½-5⅝ | — | — |
| Tokyo | 3.59375 | 3.78125 | — | 3.90625 | — | — |
| Milan | 11⅞-12¼ | 12-12½ | — | 12⅜-12⅝ | — | — |
| Brussels | 3.65 | 6⅜-6½ | — | 6$\frac{11}{16}$-6$\frac{13}{16}$ | — | — |
| Dublin | 9-9¼ | 8¾-9 | 8¾-9 | 8⅞-9¼ | 9⅛-9⅜ | — |

### LONDON MONEY RATES

| October 2 | Over-night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Treasury Bills (sell); one-month 9¾ per cent; three-months 9⅜ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills: Average tender rate of discount 9.7467 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987, Scheme I: 11.42 p.c., Schemes II & III: 11.47 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10¼ per cent from October 1, 1987. Bank Deposit Rates for sums at seven days' notice 3-3¼ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 9¾ per cent; three-six months 10¼ per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from September 15. Deposits withdrawn for cash 5 per cent.